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OFFICER EDUCATION FOR NAVY
FINANCIAL MANAGERS

Donald Eugene Hickman

OFFICER EDUCATION FOR NAVY FINANCIAL MANAGERS

BY

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Bachelor of Science

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CHAPTER I

INTRODUCTION

"In a nation abundantly rich with many resources, we have a paradox in that we will soon be faced with a shortage of managerial talent. Every profession--engineering, marketing, production, to name a few--must find ways of identifying those who have the potential to develop into managers. But, more than this, each profession or discipline must look critically at what needs to be done to train young men when they are on the payroll."¹

Since the end of World War II, the attention and emphasis on talented and capable financial managers has increased at a tremendous rate within the Department of the Navy. This increase in emphasis upon the management of resources is by no means unwarranted when the balance sheet of the Navy complex is compared with the balance sheets of industrial manufacturers in the United States. For example, in 1968 the value of total assets of the United States Navy was approximately ninety-five billion dollars or about as large as the combined assets of the twenty largest manufacturers in the United States.² General Motors had 728,000 employees in 1967, General Electric and

¹ Marvin Schiller, et al., Development of Financial Managers, with a foreword by Donald P. Jones (Boston: Financial Executives Research Foundation, 1970), p. 1.

² U. S. Department of the Navy, Bureau of Naval Personnel, Financial Management in The Navy, NAVPERS 10792-C (Washington, D.C.: Government Printing Office, 1969), p. 1.

United States Steel combined had 494,000 employees. In comparison, the total manpower employed directly by the Navy and Marine Corps was approximately 1,516,000.³ Total sales for the corporation having the largest sales volume in 1967 was twenty billion dollars (General Motors). Expenditures for the Department of the Navy for Fiscal Year 1968 were twenty-two billion dollars.⁴

The citizens of the United States have entrusted tremendous resources of men, money and materials to the Navy. The Department of the Navy operates shipyards, ordnance plants, aircraft overhaul and repair facilities, hospitals, railroads, research laboratories, supply depots, maintenance and assembly installations, construction facilities, printing plants, and many other industrial and commercial type activities. The primary purpose of these activities is to support the operating forces i.e., ships and aircraft, of the Navy. The resources and materials used by the Navy in conducting its operations include almost every kind of material and commodity known to man.⁵

It is apparent from the above summary of scope of operations, that by any criterion one wishes to apply, the Department of the Navy, today, is big business. In carrying out the responsibilities of its operation, the Navy must develop certain individuals to occupy positions in financial management. Although the operating forces of the Navy, the ships and aircraft, are responsible for the expenditure of a large portion of the Navy budget, positions in financial

³Ibid., p. 1.

⁴Ibid., p. 2.

⁵Ibid., p. 3.

management are not assigned to operating forces. Positions in financial management are spread throughout all shore based activities.

In view of this big business environment, the question might well be asked: "How does the Navy prepare its officer corps to fulfill the Navy's financial management responsibilities and to what extent does the present U. S. Navy career development and education program fulfill the requirements for Navy financial managers?"

It was the purpose of this research to investigate this question in terms of the goals and objectives of the Navy financial management training program as well as the present programs designed to meet these objectives. The U. S. Navy established a post graduate financial management program in 1952 at The George Washington University. Since its inception there have been revisions to ensure that the program met the training requirements for the Navy financial manager. This report will examine both the present Navy Graduate Financial Management Program and the requirements of today's Navy financial manager to determine if changes in the Program are required to develop better Navy financial managers. Areas in which the present Program appears to have shortcomings, will be highlighted as well as recommended changes which should be implemented to correct the shortcomings revealed by this research.

To evaluate the present Navy financial management training and career development program is an extremely timely subject in today's environment. In the past when funding controls were not as stringent as today, the requirement for in-depth financial managers was not fully recognized. Financial managers were placed only in

specific billets within the higher echelons of command. Today, however, as funding controls become more stringent and newspaper reporting highlights to the public on a regular basis any misuse of appropriated funds, the Navy has recognized the need for financial managers to be spread throughout the chain of command. Accordingly, there has been a tremendous increase in the requirements, both quantitative as well as qualitative, for Navy officers specially trained in financial management.

As a first step in evaluation of current financial management development programs, a rather exhaustive search of the literature was initiated. This included a review of books and articles published in recent years in business and military journals and periodicals. In addition, contact was initiated with a number of members within the Department of Defense who were known to have direct interest in the development of Navy financial managers. The purpose of this initial survey was to determine whether any related studies had been made in recent years.

This preliminary investigation indicated that no recent studies had been made but the area was receiving attention of top management in the Office of the Navy Comptroller. The last study in this area had been made on a contract basis by members of the Faculty of The George Washington University in 1965. In general, then, it became apparent that while there had been a great deal written about the various factors that apparently contribute to the success of a financial manager, research was sparse concerning the education and development program of Navy financial managers.

To assess the results of the present Navy Graduate Financial Management Program at The George Washington University, a questionnaire was developed and sent to graduates of the last seven years of the Program. The purpose of the questionnaire was to appraise the usefulness of the knowledge gained through the present Program in subsequent assignments, to solicit recommendations for changes to courses in the present Program, and to analyze the utilization of the graduate in financial management positions.

In addition to the questionnaire mentioned above, other methods of research are shown by the bibliography and include interviews, speeches, books, and articles related to education and development of financial managers.

The nature of financial management in the Navy is described in Chapter II. In Chapter III, the results of the primary research questionnaire are presented reflecting how former students of the Navy Graduation Financial Management Program evaluate the Program with respect to providing the knowledge and skills needed for financial management assignments. In Chapter IV graduate education and career development is analyzed and deficiencies in the current Program are presented. In addition, Chapter IV presents a proposed system of graduate education for Navy financial managers which is intended to overcome the noted deficiencies. The conclusion, Chapter V, answers the basic research question by reflecting the extent that the present U. S. Navy career development and education program fulfills the requirements for Navy officers assigned to areas of financial management.

It should be emphasized that the findings, shortcomings, proposals, and conclusions contained in this research product are the

result of research conducted by the author and in no way represent or imply an official or quasi-official position or opinion of the U. S. Navy. However, the research study brought to prominence the complexities of the issues and relationships in financial management with the Navy as well as the difficulties encountered in determining what factors should be included in an effective educational development program. The managerial and economic changes in defense planning, programming, and budgeting and the problems of providing qualified personnel to meet these developing changes will continue to be a challenge for Navy management in the future.

CHAPTER II

NAVY OFFICER FINANCIAL MANAGERS

Background

The Congress was greatly concerned with the tremendous increase in governmental costs that occurred during and subsequent to World War II. In 1947 the Congress established the Commission on Organization of the Executive Branch of the Government, more popularly known as the Hoover Commission. In its report to the Congress in 1949, this commission stated that "the budget and appropriation process is the heart of the management and control of the executive branch."¹ The commission found that:

the maintenance of a huge military force and of enormous military budgets in peacetime poses a severe problem. It introduces a new element into our social and political life; this spending, both as a drain on the taxpayers and as purchasing power, can vitally affect our economy. The degree of our success in achieving efficiency of military operations and planning, economy in execution, and proper relationship of this new force to our political and economic fabric can make the difference between democracy and totalitarianism, both for our Nation, and the whole world.²

In the same year in which the Hoover Commission report was presented, the President approved the National Security Act Amendments of 1949. In Title IV of the Act--Promotion of Economy and Efficiency

¹U. S. Department of the Navy, Financial Management in The Navy, NAVPERS 10792-C, p. 9.

²Ibid., p. 9.

Through Establishment of Uniform Budgetary and Fiscal Procedures and Organization--Congress directed attention to financial management in the Department of Defense.

Title IV established the position of Assistant Secretary of Defense (Comptroller) and a comptroller position in each of the military departments. It provided that the comptroller would be responsible for budgeting, accounting, progress and statistical reporting, internal auditing and for the administrative organizational structure and managerial procedures relating to comptroller organizations.³

The prime mover behind the enactment of Title IV was the Hoover Commission which concluded that financial management, or comptrollership was urgently required in the federal government and particularly in the Department of Defense. The Hoover Commission report stated:

Budgeting and accounting go hand in hand. Sums budgeted in advance are subsequently accounted for as obligated and spent. The activities are the same and the accounts themselves must be the same. Only by making comparisons between similar activities and between the same activity in one year against another year, can efficiency be tested. Only by making the head of each activity financially responsible for all costs of his program, can he be held to account. Only by modernizing the Federal system of budgeting and accounting will it be possible to tell exactly how much any single program or project is costing. The Federal Government must be able to assess results intelligently.⁴

Here it is explicitly recognized that an integration and consolidation of budgeting and accounting functions might provide at least a partial answer to the complicated entanglement of governmental

³U. S. Congress, Senate, Promotion of Economy and Efficiency Through Establishment of Uniform Budgetary and Fiscal Procedures and Organizations, Title IV, Public Law 216, 81st Congress, 1949, p. 2.

⁴U. S. Senate, Financial Management in the Federal Government, S. Doc. 11, 87th Cong. 1st Sess., 1961, p. 54.

finance. However, the force which propelled this statute to law was the unanimous concern of Congress over the state of defense budgeting and accounting. Their feelings were reflected in the following:

Intricate Federal laws compel the businessman to maintain the most modern and accurate accounting systems possible. Yet these laws do not apply to the same Federal Government, nor do we find that modern and accurate fiscal methods are employed in the operation of the Federal Government.

In light of the great advances that have been made in budgetary and accounting techniques, it is appalling to examine the fiscal operation of the Military Establishment and find that the accounting system has been jerrybuilt since the days of George Washington.

Let it be emphasized that . . . there is a tremendous difference between the operations of the Department of Defense and a profit making organization. We do not say that the Department of Defense should be "run like a business!" It cannot be.

But let it also be stated just as plainly that the money and material entrusted to the Department of Defense must be efficiently used and accurately accounted for. If the American people and their Congress are to be assured both that the military is operating as effectively and economically as possible, and that the decisions they make are reached only after accurate information has been presented to them on the costs of the various programs requested, then we must have accurate fiscal records, inventories and budgetary systems.

Ever since the operations of our military have assumed such large significance in the national budget, there has been a demand for the adoption of more up-to-date businesslike procedures.⁵

Specifically Title IV provided for:

1. The establishment of a Comptroller for the Office of the Secretary of Defense and a Comptroller in each of the three military Departments, in order that there may be an organized effort to carry out these (the promotion of efficiency and economy) objectives.
2. A performance-type budget be adopted by the Department of Defense with a segregation of operating and capital programs.
3. The establishment of uniform terminologies, classifications, reporting systems, accounting and internal audit projects and common use of disbursing facilities.

⁵U. S. Senate, Preparedness Subcommittee No. 3 of the Committee on Armed Services, Financial Management in The Armed Services, S. Report 841, 82ED Congress 1950, p. 13.

4. The establishment of working capital funds for the organization of inventories for the three military departments into stock funds and for the operation of industrial and commercial-type activities and integral working units.

5. The establishment of departmental management funds to facilitate the carrying out of joint and special operations.

6. Reports of property on a quantitative and monetary basis.⁶

After the passage of the act, Secretary of Defense, Louis A. Johnson, stated that it:

. . . not only reflects the recommendations of the (Hoover) Commission concerning the National Military Establishment, but it also makes applicable to the National Military Establishment many of the Commission's broad budgeting and accounting recommendations.⁷

Requirement

Title IV was added by Public Law 216 as a new Title to the National Security Act of 1947. Through it, the Department of Defense financial management structure was recognized and reorganized. However, within the Department of the Navy, financial management was already receiving top command attention. Budgeting with all its ramifications is one of the major functions of Navy financial management. Accordingly, the birth of financial management in the Navy dates back to the Budget and Accounting Act of 1921. This Act, in addition to creating the Bureau of the Budget and Comptroller General of the United States, fostered the formation of the Office of Budgets and Projects under the direction of the Secretary of the Navy.⁸ Therefore, budget

⁶ Ibid., pp. 75-76.

⁷ Ibid., p. 76.

⁸ U. S. Department of the Navy, Financial Management in the Navy, NAVPERS 10792-C, p. 11.

preparation and execution in the Navy Department was an established function many years prior to the enactment of Title IV, Public Law 216, by the 81st Congress in August 1949.

The advent of World War II created such a deluge of financial reports and statistics that the military budgeting and accounting staffs were unable to cope with the added requirements imposed on them. The Under Secretary of the Navy at this time, James V. Forrestal, became interested in the problem when he found it virtually impossible to obtain satisfactory program costs or adequate, timely financial information. Forrestal would receive different sets of figures concerning the identical program, project or operation, from the Bureau of Supplies and Accounts, the Office of Budget and Reports and the other technical bureaus. He, therefore, enlisted the aid of Mr. Paul Grady of Price Waterhouse and Company to try to bring some order to the existing chaos.⁹ Eventually, a committee chaired by Grady and including the Chief of the Bureau of Supplies and Accounts and the Director of Accounting, Bureau of Supplies and Accounts, among others, was formed and charged with making specific recommendations concerning the consolidation and centralization of budgeting and accounting. In May, 1943, this committee recommended that a Comptroller of the Navy be established at the Secretary's level, to be vested with full authority and responsibility for budgeting and accounting throughout the entire Navy. In addition, the Comptroller was to maintain close liaison with the Director of Budgets and Reports concerning the rendition of accounting statements.

⁹Norwood P. Cassidy, "Financial Management in the Navy," speech delivered before the Federal Government Accountants' Association, Los Angeles Chapter, February 13, 1957.

This idea, though acceptable to Forrestal, who by now had succeeded Mr. Frank Knox as Secretary of the Navy, was not agreeable to the Bureaus and offices.¹⁰ One reason was the violent objection of the Chief of the Bureau of Supplies and Accounts, Rear Admiral William B. Young. Young maintained that the Navy Comptroller should be placed, not at the secretarial level, but in the Bureau of Supplies and Accounts. Young felt that the term "Comptroller" connoted usurpation of traditional naval officer management prerogatives, particularly as the prerogatives pertained to the Chief of Naval Operations, his staff, and the Naval Bureau Chiefs.¹¹

The committee investigating financial management in the Department of Defense stated:

The Committee considers it unfortunate that the term Comptroller (Controller) as it is used for officials in the financial management area often leads to the conclusion that the function of a person with this title is to control. The successful Comptroller does not control in the usual meaning of the term. He does head an organization that has great opportunity to be of service in recording, reviewing, analyzing and interpreting facts generally expressed in monetary terms. His function and that of his staff is to present the facts in a manner that will aid the commanders or other managers in making sound, effective operating and administrative decisions.¹²

Balked in the official formation of a Navy Comptroller, Forrestal administratively created the position of Fiscal Director of the Navy and made this official the accounting counterpart of the Director of Budgets and Reports. He was also made responsible for the integration

¹⁰ Ibid.

¹¹ Ibid.

¹² U. S. Department of Defense, Financial Management in the Department of Defense: The White Report, November 1964, p. 3-4.

of the accounting system within the budget. Since the budget at this time was the responsibility of a statutory budget officer, a Rear Admiral of the unrestricted line, this integration was indeed a delicate commission. Accordingly, the appointment of a civilian to the position of Fiscal Director, started what has continued to be a unique Navy financial management organization.

In order to comply with the enactment of Title IV, the Secretary of the Navy established the Office of the Navy Comptroller on 1 June 1950.¹³ This office was established after long and heated debate revolving around the question of who should fill this new position--line or staff, military or civilian. In resolving the issue it was decided that the Comptroller of the Navy, unlike the Comptroller of the other two services, would be a civilian with a military line deputy.¹⁴ In 1954, as a result of congressional legislation, two additional secretaries were provided for each service, and in the Navy, one of the new assistants was designated as the Assistant Secretary for Financial Management, and could also act as Comptroller if so designated by the Secretary of the Navy.¹⁵ As a natural occurrence, with the establishment of a financial management assistant within the Secretary of the Navy staff organization, the importance of financial management spread both horizontally and vertically through the Navy Departments with commands and activities establishing their own financial management or comptroller organization.

¹³ U. S. Department of the Navy, Financial Management in the Navy, NAVPERS, 1079-2C, p. 15.

¹⁴ Ibid., p. 4.

¹⁵ Ibid., p. 16.

With specific reference to the area of financial management, the Secretary of Defense's Advisory Committee on Fiscal Organization and Procedures stated:

Maximum effectiveness of financial management is received only when it is fully integrated into total management and is tied in with other aspects of management, such as effective manpower utilization, full utilization of industrial engineering techniques, and vigorous inventory management through modern merchandising methods where applicable. The financial viewpoint should be one of the factors on which policies and decisions are made. The head of each organization has the ultimate responsibility for sound financial management, but he should delegate the authority and assign the responsibility for leadership in this area to a professionally qualified member of his staff.¹⁶

Duties and Responsibilities

With this background concerning the establishment of the requirement for financial managers, the duties, functions and responsibilities of financial managers within the Navy will be examined.

The White Report on Financial Management in the Department of Defense stated that the basic functions of a financial manager within the Department of Defense should be as follows:

. . . Budgeting and funding--the review and transaction of programs into financial terms and providing the financing essential to their execution.

Accounting--the classifying, recording and reporting of financial data.

Expenditure and collection of funds--commonly called the finance or disbursing function.

Progress reporting and statistics--the provision and interpretation of data for command and management purposes.

¹⁶ U. S. Office of the Secretary of Defense, Advisory Committee on Fiscal Organization and Procedures, Financial Management in the Department of Defense, 1954, p. 8.

Auditing--review and follow-up on performance and furnishing findings and appropriate recommendations to command and management.¹⁷

The White Report further expanded some of the basic requirements for an effective system of financial management by stating:

1. It should be a single integrated system that consistently and appropriately deals with all of the varied classes of defense activities.
2. It must tie in to a good command or management structure.
3. It must reflect the needs and be directly useful to command or management.
4. It must provide the mechanism for full coordination between programming, budgeting, and financial control.
5. It must see that budgeting, funding, accounting, and reporting are tied directly to the appropriation and fund structure established by the congress.
6. It must provide for effective, yet flexible, financial management.
7. It must contribute directly to increased cost consciousness at all levels.
8. It must be simple and understandable.
9. It must be adaptable to peace, war, intermediate conditions, and to rapid shifts within and between these situations, without basic overhaul and without bogging down.¹⁸

Since the civilian comptroller and his military counterpart evolved as their organizations grew in size and complexities i.e., increases in accounting, requirements for more sophisticated management and internal auditing techniques, and additional tax and budget problems, it is not surprising that the traditional functions of the civilian financial manager have been carried over into the government.

The official organ of U. S. business financial managers, the Financial Executives Institute of America, has issued the following

¹⁷ U. S. Department of Defense, Financial Management in the Department of Defense: The White Report, November 1964, p. 6.

¹⁸ Ibid., pp. 5-6.

all inclusive list of financial management functions broken down between controllership and treasurership functions:

1. Controllership

a. Planning for Control

To establish, coordinate and administer, as an integral part of management, an adequate plan for the control of operations. Such a plan would provide, to the extent required in the business, profit planning, programs for capital investing and for financing, sales forecasts, expense budgets and cost standards, together with the necessary procedures to effectuate the plan.

b. Reporting and Interpreting

To compare performance with operating plans and standards, and to report and interpret the results of operations to all levels of management and to the owners of the business. This function includes the formulation of accounting policy, the coordination of systems and procedures, the preparation of operating data and of special reports as required.

c. Evaluating and Consulting

To consult with all segments of management responsible for policy or action concerning any phase of the operation of the business as it relates to the attainment of objectives and the effectiveness of policies, organization structure and procedures.

d. Tax Administration

To establish and administer tax policies and procedures.

e. Government Reporting

To supervise or coordinate the preparation of reports to government agencies.

f. Protection of Assets

To assure protection for the assets of the business through internal control, internal auditing and assuring proper insurance coverage.

g. Economic Appraisal

To continuously appraise economic and social forces and government influences, and to interpret their effect upon the business.

2. Treasurership

a. Provision of Capital

To establish and execute programs for the provision of the capital required by the business, including negotiating the procurement of capital and maintaining the required financial arrangements.

b. Investor Relations

To establish and maintain an adequate market for the company's securities and, in connection therewith, to maintain adequate liaison with investment bankers, financial analysts, and shareholders.

c. Short-Term Financing

To maintain adequate sources for the company's current borrowings from commercial banks and other lending institutions.

d. Banking and Custody

To maintain banking arrangements, to receive, have custody of and disburse the company's monies and securities and to be responsible for the financial aspects of real estate

e. Credits and Collections

To direct the granting of credit and the collection of accounts due the company, including the supervision of required special arrangements for financing sales, such as time payment and leasing plans.

f. Investments

To invest the company's funds as required, and to establish and coordinate policies for investment in pension and other similar trusts.

g. Insurance

To provide insurance coverage as may be required.¹⁹

The National Vice President of the American Society of Military Comptrollers, Eckhart Bennewitz, who is also the Deputy Comptroller of the Army, has consolidated all of the roles and functions of a military comptroller into two functions:

- developing a sound budget to obtain the necessary resources; and
- insuring, through management actions, the maximum utilization of the resources is obtained.²⁰

The Department of the Navy in formalizing guidance concerning financial management within the Navy has established the following functions to be performed at every naval activity whether or not the complexity of the financial managements functions justify the need for a formal financial management organization.

¹⁹ James L. Pierce, "The Changing Financial Executive," Financial Executive, XXXVI No. 11 (October, 1968), 22.

²⁰ Eckhart Bennewitz, "The Role of the Military Comptroller," Armed Forces Comptroller, XVI (Summer, 1971), 9.

1. Integrated System for Financial Management -

An integrated system for financial management is established, coordinated, and maintained by cognizant personnel in order to provide the commanding officer with the factual data essential for the effective management control of the organization.

This system encompasses:

- A) technical guidance and direction of financial matters throughout the organization as a staff service to the commanding officer;
- B) maintenance of a classification of the programs administered and their objectives and a current inventory of budget plans and program schedule;
- C) budget formulation, review, and execution;
- D) collection of obligations, expenditure, cost, and other accounting and operating statistics data;
- E) review of program performance against the financial plan;
- F) promotion of economy and efficiency in the performance of assigned programs.

2. Budgeting - Personnel engaged in budgeting provide guidance and instructions for preparation of the budget. They review requirements and justifications for the various programs and prepare estimates of the cost thereof and compile the annual budget. They recommend allocation of funds and civilian personnel to programs within the command and revisions thereof, as required; analyze variances from the budget plan and recommend remedial action where appropriate; determine areas where desirable financial reprogramming may be effected; initiate action to adjust financial plans to available funds; and when required, submit requests for additional funds and justifications.

3. Accounting and Disbursing - Personnel engaged in accounting and disbursing functions perform, within the framework of the Navy-wide accounting system and policies, accounting and disbursing of appropriations and funds under the control of the appropriate organization and maintain records relating thereto. They are responsible for:

- A) maintenance of required accounting records, including records of obligations and expenditures against allotments and project orders;
- B) preparation of accounting reports both for local management and for submission to higher authority;
- C) conduct of cost accounting operations; maintenance of plant property records and financial records of inventory transactions of all classes of property, and submission of all property returns;

- D) supervision and conduction of time keeping operations;
- E) maintenance of civilian pay, leave and retirement records, and preparation of civilian payrolls;
- F) functions of payment of civilian payrolls, receiving and depositing collections and, when authorized, the payment of military payrolls, public vouchers, and issuance of savings bonds;
- G) maintenance of the required disbursing records and the preparation and submission of disbursing reports and returns.

4. Program Analysis - Personnel engaged in program analysis measure and analyze performance, program status, and trends against the approved programs and budget plans and schedules and reports the results of operations to responsible levels of command. This function of the financial manager is considered an extremely important staff service to the commanding officer who has the responsibility for decisions. Analyses and comparison should be timely and presented with recommendations for actions or decisions so that funds may be used effectively and economically.

5. Progress Reports and Statistics - Personnel engaged in the progress reports and statistics functions develop guides and criteria for the collection and coordination of statistical data and prepare special statistics as required by responsible levels of command. The organizational component exercising this function serves as coordinator and official clearance center for the release of statistical data. Each organizational component will have distinctive requirements for periodic progress reports and for special statistical data on the programs it administers. Statistical reports should be rendered in a timely manner and in a form that will insure optimum use by management.

6. Internal Review - Personnel engaged in internal review conduct special studies, analyses, and investigations of financial management areas, for the purpose of detecting and correcting unsatisfactory conditions; conduct audits of nonappropriated funds; adapts, coordinates, develops, and participates in the installation of financial systems, programs, procedures, and controls; render advice on matters of organization and staffing within financial management areas; maintains liaison with and provides assistance to internal auditors of the Auditor General assigned to perform continuous or periodic audits.²¹

Readily apparent from these listings of duties and responsibilities of a financial manager is the high degree of similarity

²¹U. S. Department of the Navy, Office of Navy Comptroller, Navy Comptroller Manual, Volume I, NAVSO P-1006-1, pp. 2-25, 26.

between civilian and military financial functions. Many people feel that a business organization and a military organization cannot be compared due to the lack of the profit motive within a military organization. However, as reflected in the duties of both financial managers, the efficient and economical utilization of resources is paramount to all financial managers.²² A report on financial management in the Department of Defense said:

A financial management system should not only be useful to command but should also provide assurance that limited resources will be utilized most effectively in terms of national policy. A major problem is that of attaining harmonious balance between the normal commercial concept of management with profit incentives and emphasis upon efficiency and economy, on the one hand, and the military concept of logistic adequacy, on the other.²³

The Honorable Frank Sanders, Assistant Secretary of the Navy (Financial Management) makes this comparison quite clear:

Today, as always, the military are carrying out, with will and dedication, the historical policies formulated by our elected civilian leadership, a national policy which represents the will and desire of the American people. But, in carrying out this national policy, we must do so in full recognition of our public accountability, and it is to this accountability that I wish to address my remarks today.

There are some who would have you believe that we are inherently inefficient in maintaining our Defense posture, that because of the lack of a profit motive we cannot manage the vast resources of Defense because of the absence of any built-in mechanisms like those in the private sector of the economy, which lead to greater efficiency. They would have you believe that profitable innovations

²² U. S. Department of the Navy, Financial Managers in the Navy, NAVPERS 10792-C, p. 31.

²³ U. S. Department of Defense, Financial Management in the Department of Defense, The White Report, November, 1954, p. 5.

and least-cost methods are unattainable because there is no pure mechanism such as the profit motive to stimulate Defense management to decisions which maximize cost effectiveness.

I would have to disagree that the lack of such a motivator means we are not dedicated to or capable of efficient business management. Our motivators are many and varied, but a major element or force is our public accountability to manage our resources as any prudent businessman would his own business, responsible for efficient stewardship to the Congress and our 200 million shareholders with dedication to the security of this great nation of ours.

Our stewardship, yours and mine, is not analyzed in an annual report in terms of share earnings--rather, we are reported on daily by our national press and are under the close scrutiny of Congress. Therefore, with these stimulants plus the individual dedication to service which must be inherent in all of us in governmental service, we have the built-in mechanisms for efficient management. With this searching surveillance, our mistakes do not go undetected, nor should they. Therefore, the control of costs in the acquisitions and operational maintenance of the weapons systems required by the Navy and the effective management of our 14-1/2 billion dollar material inventory, in support of our weapons systems are of prime concern to all of us.

Only through the continued demonstration of responsibility and sound judgement will our exercise of authority be accepted as being in the public interest. When we fail in this respect, we will be justly criticized, and rightly so; and if our actions continue to be suspect certainly our authority will be further restricted by the Congress.

Ours is a "fish-bowl" where it's just not a case of being right in our management decisions. The decision must also look right in the eyes of others as well as to ourselves. Such is not limited to those of us in Washington alone. We all, you and I, have a role to play in ensuring that we safeguard our nation's interests. We must do so as efficiently as possible by planning, controlling and programming our needs and resources, by the application of sound management principles, utilizing the skills we have learned, and applying sound human judgement to our problem solving.²⁴

²⁴Honorable Frank Sanders, Assistant Secretary of the Navy (Financial Management). An address presented before the graduating class at Navy Supply Corps School, Athens, Georgia, on June 12, 1969.

Navy Graduate Financial Management Program

With the enactment of Title IV into law, and the resultant emphasis upon comptrollership in the government, the Navy was confronted with the problem of training officers to perform the broad range of duties required of an officer financial manager. The Department of the Navy was the first service to establish a special graduate program in comptrollership at a public institution. The Navy requested The George Washington University to provide a nine month course to present a broad academic background in comptrollership. The course was therefore established in 1951 as the Navy Graduate Comptrollership Program. The name of the program was changed in 1962 to Navy Graduate Financial Management Program to reflect the changing nature of comptrollership in the Navy and the broadening scope of the Program. An outline of the current curriculum is shown in Appendix A and will be examined in more detail in Chapter III.

Educational Objectives

Although no formal document could be found which stated the exact purpose and objective of the Program, either at its beginning or at its present state, several general purpose statements indicate that the Program is designed to provide a breadth in management theory and information of practical value to the Navy in addition to a broad academic background for comptrollership. The Program is under the administrative cognizance of the United States Postgraduate School at Monterey, California and is sponsored by the Office of the Navy

Comptroller. In describing the course in the 1972-73 annual course catalogue of the United States Postgraduate School, the objective of the Program is:

To develop in officers of mature judgement and broad backgrounds of professional experience, the ability to interpret and analyze operational statistics for the purpose of developing standards of performance; to provide a periodic review of operations in order to denote areas of management which are not meeting standards, to review budget estimates; and to plan programs for the improvement of management economy and efficiency through better utilization of manpower, materials, facilities, funds and time. The course is designed to give the graduates a working knowledge of managerial controls adequate for assignment to financial management duties as a normal preparation for command and executive billets in the shore establishment and leads to the Master of Business Administration degree.²⁵

Rear Admiral Morris A. Hirsch, former Deputy Comptroller of the Navy, described the course to officials of the Department of Defense who were being invited to address the class as part of the guest lecture program stated:

The theme of this graduate course has been directed at the policy and decision making level. This is not a training course. The officer students are receiving a formal education that is aimed at preparing them for future high level billets in the field of financial management. They are being taught a full spectrum of Business Administration courses designed to broaden their horizons, add to their prospective and understand, and to arouse and stimulate their intellectual curiosity.²⁶

As can be seen from these two statements, the objectives of the course are broad in nature. Each year approximately thirty U. S. Navy, Marine Corps and Coast Guard Officers attend the Program which

²⁵U. S. Department of the Navy, United States Naval Postgraduate School, 1972-73 Annual Course Catalogue, p. 34.

²⁶Letter from Rear Admiral Morris A. Hirsch, USN, Deputy Comptroller of the Navy, September 19, 1964.

is available to all officers from the rank of Lieutenant through Commander. Each service selects officers based on the officer's request and past performance. In addition each applicant must meet the requirements of admission as set forth by The George Washington University. Competition for appointment for the Program is particularly keen with thirty selections being made from approximately five hundred applicants.²⁷

Summary

In this chapter, the history of financial management in the Navy has been examined as well as the duties and responsibilities of a Navy financial manager. In addition a brief introduction to the program the Navy established and continues to utilize to prepare officers for duties in financial management has been presented. In the next chapter an analysis of the extent to which the present program is fulfilling the requirements of Navy financial managers will be presented.

²⁷" Facts on Postgraduate Education," Navy Supply Corps Newsletter, Vol 34. No. 12 (December, 1971), p. 55.

CHAPTER III

ANALYSIS OF NAVY GRADUATE FINANCIAL MANAGEMENT PROGRAM

Background

The postgraduate program in the U. S. Navy is based on the requirement to fill certain Navy officer positions classified as P-coded billets. A P-coded billet is defined as a billet requiring an incumbent with a master's degree education level.¹ The Navy Graduate Financial Management Program at The George Washington University provides this training requirement for Navy financial managers.

Since the inception of the Navy Graduate Financial Management Program at The George Washington University in 1952, research reveals that although there has been an extremely congenial relation between Navy and University officials, there has been little emphasis on measuring the effectiveness of the Program. A U. S. Navy contract was awarded to The George Washington University in 1965 to study and analyze the curriculum of the Navy Graduate Financial Management Program.² As a result of this study several changes in the curriculum

¹U. S., Department of the Navy, Navy Supply Systems Command, "It's Your Career", (Washington, December 1, 1969), p. 4-1

²The George Washington University, "Study and Analysis of the Curriculum of the Navy Graduate Financial Management Program," Washington, 1965, p. 1.

were made to the program to reflect the increasing requirements of the Navy. However, since completion of this contracted study, no in-depth analysis of the Program has been made.

Development of Questionnaire

In order to evaluate the effectiveness of the current Program, a questionnaire was developed and sent to a sample of recent graduates of the Program. This questionnaire was developed utilizing some of the research data revealed in the 1965 study as well as the results of a series of conferences with officials in the Office of Navy Comptroller,³ Bureau of Naval Personnel,⁴ Navy Supply Systems Command Headquarters,⁵ and Navy Officers serving in financial management billets in the Washington, D.C. area.⁶ Once a tentative draft of the questionnaire was prepared, it was administered to several financial managers in the Washington area. Follow-up interviews were conducted with the officers completing the questionnaire to determine whether there was any lack of clarity or confusion relative to the purpose and nature of any particular question with respect to the objective of the research question so that appropriate modifications could be made.

³ Interview with Commander Robert T. Jones, USN, Aide to Deputy Comptroller of the Navy, Washington, D.C.: December 21, 1971.

⁴ Interview with Lieutenant Commander Stephen Snyder, USN, Education Department Staff, Bureau of Naval Personnel, Washington, D.C.: December 17, 1971.

⁵ Interview with Lieutenant Commander Howard E. Kuhns, SC, USN, Head, Career Development and Training Branch, Navy Supply Corps Personnel Office, Washington, D.C.: November 10, 1971.

⁶ Interview with Lieutenant Commander John G. Hekman, SC, USN, Financial Management Analyst, Navy Supply Systems Command, Washington, D.C.: December 23, 1971.

The questionnaire was completed and mailed on 15 January 1972 to one hundred and five graduates of the Program since 1965. Only graduates since 1965 were surveyed by this questionnaire due to the changes in the course structure in 1965 resulting from the contracted review previously mentioned. The listing of these graduates obtained from the Bureau of Naval Personnel did not include Marine Corps and Coast Guard officer graduates.⁷ Accompanying the questionnaire (Appendix A) was a letter of transmittal and a summary of the 1971-1972 course curriculum of the Navy Graduate Financial Management Program.

The questionnaire was designed to obtain from the graduates the following information:

1. Utilization in P-coded billets.
2. Evaluation of the Program in contributing to ability to handle financial management and non-financial management billets.
3. Skills required to handle assignments in financial management.
4. Overall evaluation of the Program with respect to work load, challenge, and instructor effectiveness.
5. Recommendations for improving the Program.

By 20 February 1972, eighty-five of the questionnaires had been returned. Of the nineteen questions, four were open-end, requesting the respondent to give a narrative answer. Seven of the questions asked the person answering to check a five point rating scale. Each of these questions also provided for the respondent to

⁷ Information provided by Lieutenant Commander Stephen Snyder from the master records maintained by the Bureau of Naval Personnel on December 23, 1971.

indicate why he reacted that way and to make any comments he desired. A tabulation of the findings as well as the significant comments is given in the following section of this chapter. It should be noted that not all respondents answered all questions. Therefore, the number of replies to different questions varies.

Results of Questionnaire

The first question requested respondents to list the positions they had held since graduation from the Navy Graduate Financial Management Program. Responses are summarized in Table 1.

TABLE 1

TYPES OF POSITIONS HELD BY GRADUATES OF NAVY GRADUATE FINANCIAL MANAGEMENT PROGRAM

<u>Position</u>	<u>Number of Responses</u>	<u>Per Cent of Responses</u>
Present Billet P-Coded	36	42
Present Billet Not P-Coded	49	58
Total	85	100
Of those not serving in financial management P-coded billets; the following applies:		
Present Billet financial management area . . .	23	27
Present Billet not financial management area	26	31
Total	49	58
Have previously served in P-coded billet . . .	20	23
Have not served in P-coded billet.	29	35
Total	49	58
Of those who had not served in financial management P-coded billet, the following applies:		
First tour since graduation.	21	25
Second tour since graduation	5	6
Third or more tour since graduation	3	4
Total	29	35

Accordingly, only forty-two per cent of the graduates since 1965 are serving in a billet which requires graduate education in financial management. Of the remaining fifty-eight per cent, twenty-three officers are serving in billets in a financial management area but which do not require graduate financial management education. In addition, twenty-three per cent of the officers not presently serving in a financial management P-coded billet have previously served in such a P-coded billet. Of the twenty-nine officers who are presently not serving and have not previously served in a financial management billet, twenty-one (twenty-five per cent of all respondents) are in their first tour, five (six per cent of all respondents) are in their second tour, and three (four per cent of all respondents) are in their third or more tour since graduation from the Program.

Upon graduation from the Navy Graduate Financial Management Program, each officer is given a professional subspecialization code for financial management. In November 1970, three hundred officers possessed financial management subspecialist codes, although one hundred and fifty had never been utilized in a billet requiring financial management graduate education (P-coded). In addition, only seventy-nine officers with financial management subspecialist codes were serving in financial management P-coded billets in November 1970. At that time the Navy had identified three hundred and one billets which required an officer with graduate education in financial management.⁸

⁸U. S. Department of the Navy, Office of Navy Comptroller, "Financial Management Career Information," Washington, 1971 (Mimeographed).

Based on these different approaches to viewing the utilization rates it appears that the Navy is not utilizing graduates of the Navy Graduate Financial Management Program to any significant degree. More analysis will be made on utilization in Chapter IV.

The second question was designed to measure the value of the Navy Graduate Financial Management Program in contributing to the ability to understand and handle assignments in financial management. Twenty-five (twenty-nine per cent) of the respondents indicated that the Program had been of significant value, twenty-eight (thirty-three per cent) indicated considerable value, twenty-six (thirty-one per cent) indicated some value, six (seven per cent) indicated little value, and no one indicated no value. The results of these responses are portrayed in Table 2.

TABLE 2
VALUE OF PROGRAM IN CONTRIBUTING TO ABILITY TO
HANDLE FINANCIAL MANAGEMENT ASSIGNMENTS

<u>Value</u>	<u>Number of Responses</u>	<u>Per Cent of Responses</u>
Significant Value	25 (55)*	29 (60)*
Considerable Value	28 (30)	33 (33)
Some Value	26 (6)	31 (07)
Little Value	6 (0)	7 (0)
No Value	<u>0</u> (<u>0</u>)	<u>0</u> (<u>0</u>)
	Total 85 (91)	100 (100)

*Figures in parenthesis reflect 1965 research.⁹

⁹The George Washington University, "Study of the Navy Graduate Financial Management Program," p. 17.

The significance of these responses is not so much in the value ranking as it is in comparison with previous research.¹⁰ In 1965, sixty per cent of former graduates considered the Program to be of considerable value in contributing to the ability to handle financial management assignments. However, of the graduates since 1965, only twenty-nine per cent consider the Program to be of significant value. In addition, the 1965 research indicated that only seven per cent considered the Program to be of some value or lower, whereas thirty-eight per cent of the graduates since 1965 consider the Program to be of some value or lower.

From this comparison it appears that the Program is declining as to its ability to prepare graduates to handle financial management positions. This decline may be due to the changing nature of Navy financial management positions, or due to the Program. In any event, this comparison indicates that recent graduates feel tht the Program is of less value in contributing to the ability to handle billets in financial management now than did graduates surveyed in 1965. The exact reason for this decline, although interesting and important, is beyond the scope of this research. However, these results may be somewhat misleading in that although all respondents answered the question, only fifty-six of the eighty-five had ever served in a financial management billet. Those graduates who had served in a financial management billet tended to rank the Program of higher value than those officers who had not served in a financial management billet. When only these fifty-six respondents were considered,

¹⁰ Ibid., p. 17.

thirty-four per cent indicated significant value, forty-five per cent indicated considerable value, and eleven per cent indicated some value. In turn, it should be pointed out that the 1965 survey also included the responses of officers not serving in financial management billets.

Respondents were given the opportunity to comment on why they had answered the question the way they did. Although it is difficult to consolidate all comments, most respondents indicated that the course provided a good background in "accounting, governmental budgeting, and financial management." However, the below comments are representative of the thoughts of many respondents.

"The Program is basically oriented to business administration in general with a very slight bias toward financial management. I feel that this is the only way it should be, but it doesn't necessarily qualify you for financial management assignments any more than for other management assignments."

"No courses relate to job and unable to use any techniques or skills obtained at G.W."

"Most courses were geared toward the degree rather than Navy comptroller requirements."

"NGFMP is a general management course. There is no course which prepares you for Navy or government financial management - only experience."

The thread running through these representative comments is the lack of emphasis in the Program on Navy financial management practices and procedures. This general area was the subject of a

separate question and will be discussed later. However, the following comment is most representative and summarizes the majority of comments concerning the value of the Program in financial management assignments.

"Increased my knowledge of financial management, human behavior and generally enhanced my management skills."

In an attempt to isolate specific skills which are required of a financial manager, the graduates were asked to list those skills which they felt were required to handle assignments in the financial management area. The responses to this question proved an extremely wide range of suggested skills although some of the skills were mentioned repeatedly. Those most frequently mentioned are shown in Table 3.

TABLE 3
SKILLS REQUIRED OF A NAVY FINANCIAL MANAGER

<u>Skill</u>	<u>Number of Times Mentioned</u>
Accounting	14
Governmental Budgeting	20
Economics	14
Navy "nuts and bolts"	30
Writing ability	26
Speaking ability	30
Automatic Data Processing	16
Planning-Programming-Budgeting System	12
Financial Management Techniques	12
Personnel Administration	10
Interest in Figures	8
Patience	10
Budget Justification	6
General Management Principles	12

The responses to this question highlighted the differences in opinions concerning the choice of "financial management skills." This is amply illustrated by:

"As you noted, I did not identify any particular skills--I do not consider that any post-graduate program should teach skills--an outlook should be the objective."

In addition to this list of skills or areas of knowledge, there was also some comments concerning the position of financial management within the Navy.

"One of the main responsibilities of a Navy comptroller is to justify his unit's budget. This is a function not done by a comptroller in industry except in some very large corporations. Therefore writing and analytical ability for budget justification is a must."

"If you limit yourself to financial management in the Navy, then the specific skills that one needs include exposure to Resources Management System, allotment accounting, Navy stock fund, auditing, and civilian personnel regulations. Financial management is virgin territory in the Navy. Most people still think in terms of obligations rather than expenses."

Again it should be noted that this listing of skills were taken from all respondents questionnaires and not only those graduate who had served in a financial management billet. However, those respondents which had served in financial management billets listed writing ability, knowledge of Planning-Programmng-Budgeting System and interest in figures-analytical minds, more often than any other skills.

To tie the present Navy Graduate Financial Program into the list of skills identified as required for a financial manager, a question was designed to identify the adequacy of the present Program in treating these skills. Respondents were asked to specifically identify those skills which they felt were adequately treated in the Program as well as those skills which they felt were not adequately treated. The responses to this question were directly related to the list of skills the respondents had listed as being required of a financial manager. However, a general pattern did develop in the responses to this question. Nearly all respondents felt that accounting and general management principles were adequately treated. In addition, most respondents felt that the thesis requirement was necessary to expand the writing abilities of the participants of the program. As anticipated, some of the responses were split on whether certain skills were adequately treated. The skills that fell in this category were: Planning-Programming-Budgeting System, personnel management, governmental budgeting, and statistics. One comment which helped to explain the reluctance of officer to answer this question was :

"In a general way--all of them [skills adequately treated] because of the year of exposure to so many ideas and group sessions. The association with classmates probably provided the most training."

Those skills most often mentioned as not being adequately treated were: Planning-Programming-Budgeting System, financial management techniques, governmental budgeting, auditing, and specific Navy financial management functions and procedures.

Although a later question was designed to provide feedback concerning the capabilities of the instructors, some respondents tied the inadequacy of treating a specific skill with the capability and personality of the instructor involved. In addition the comments concerning the lack of coverage of specific Navy financial management functions was summed up by:

"The point is that, in my opinion, the title Navy Graduate Financial Management is a misnomer. The course taught at GW led to a straight (commercial) MBA. GW did not claim to be training military comptrollers. As business related courses, the curriculum was fine, but theories of the stock market won't help me with my mid-year review."

"The Program carries the title of Financial Management and then only has one financial management course. This seems to be a bit inconsistent."

However, although most respondents listed some skills required of a financial manager in their answers to the previous question, the majority of respondents indicated a high degree of agreement with the concept of transferability of managerial skills which is advanced by the classical concept of management and states:

"Managerial knowledge and experience are transferable from department to department and from enterprise to enterprise: merchandising executives may be shifted to manufacturing; the military commander to peacetime pursuits; foreman from flour milling to warehousing; and production managers to sales. To the extent that

their tasks are managerial rather than technical . . . employees may employ their skills as well in one occupation as another."¹¹

The general feeling that financial management could be broken into two categories--financial and management, and therefore certain skills were required for each segment was paramount throughout the answers to the questionnaire and will be discussed in greater detail in Chapter IV. However, one respondent made this distinction quite clear in his reply to the financial management skills which were adequately treated in the present Program.

"The most important part of the phrase 'financial management' is the word management. The financial part changes rapidly and there is always a learning process to go through, but courses in general management change very little and are invaluable."

The previous questions related primarily to financial management positions. However, as pointed out by the relatively low utilization rate of graduates from the Navy Graduate Financial Management Program these officers serve in a wide variety of positions. Accordingly, the next question asked respondents to rank the value of the Program in contributing to their ability to handle assignments outside the financial management area. This question was particularly representative because only ten of the eighty-five respondents had not served in an assignment outside the financial management area. Twenty-three (twenty-seven per cent) of the respondents indicated significant value, thirty-seven (forty-four per cent) indicated considerable value, twenty-one (twenty-five per cent) indicated some value, four

¹¹Harold Koontz and Cyril O'Donnell, Principles of Management, (New York: McGraw-Hill Book Company, 1964), p. 54.

(four per cent) indicated little value, and no one indicated no value. These responses are portrayed in Table 4.

TABLE 4

VALUE OF PROGRAM IN CONTRIBUTING ABILITY TO
HANDLE NON-FINANCIAL MANAGEMENT ASSIGNMENTS

<u>Value</u>	<u>Number of Responses</u>	<u>Per Cent of Responses</u>
Significant Value	23	27
Considerable Value	37	44
Some Value	21	25
Little Value	4	4
No Value	<u>0</u>	<u>0</u>
Total	85	100

It should be noted that this breakdown is nearly the same as the distribution in the study conducted in 1965.¹²

The respondents were given the opportunity to justify their answer to the question concerning the value of the Program in respect to non-financial management assignments. Although the responses to this area were few, some significant reasons were mentioned. Most respondents felt that a year away from normal duty assignments combined with an exposure to the academic environment was beneficial in the development of managerial philosophies. In addition, the exposure to general management theory and principles and human behavior studies is beneficial in any type of position. One comment was found in a relatively large number of responses. This comment

¹²The George Washington University, "Study of the Navy Graduate Financial Management Program," p. 19.

concerned the development of self confidence. A typical reflection of this comment was:

"NGFM provides a good background for any type of managerial role; therefore the increase in an officer's self confidence is one of the most important spin-offs from the program."

Although the Navy established the current Program at The George Washington University to educate officers to fill billets which required advanced studies in financial management, it has already been shown that the utilization of graduates in financial management billets is relatively low. As reflected in the previous question, a great majority of graduates feel that the Program was of significant or considerable value in contributing to their ability to handle assignments outside the financial management area. Accordingly, Table 5 reflects the extent to which graduates of the Program feel they have been able to utilize the education which they received in the assignments which they have been given since graduation.

TABLE 5

EXTENT ASSIGNMENTS SINCE GRADUATION HAVE PROVIDED
AN OPPORTUNITY TO UTILIZE EDUCATION RECEIVED

<u>Opportunity to Utilize Education</u>	<u>Number of Responses</u>	<u>Per Cent of Responses</u>
Excellent Opportunity	39	46
Very Good	17	20
Good	11	13
Fair	8	10
Poor	10	11
Total	85	100

In order to assess some overall characteristics of the Program, graduates were asked specific questions concerning work load, mental challenge, and teaching effectiveness of the faculty. The results of these questions are contained in Tables 6, 7 and 8.

TABLE 6

GRADUATE EVALUATION OF WORKLOAD IN THE NAVY
GRADUATE FINANCIAL MANAGEMENT PROGRAM

<u>Workload Indicator</u>	<u>Number of Responses</u>	<u>Per Cent of Responses</u>
Too Heavy	3	4
Heavy	27	32
About Right	50	58
Light	4	5
Too Light	<u>1</u>	<u>1</u>
Total	85	100

Although no provision was made for comments concerning the workload, several comments were received.

"Workload is heavy and it should be."

"Workload was heavy with thesis and comprehensive exams due about same time."

"Although workload was heavy, I felt that a lot of it was just busy work."

TABLE 7

GRADUATES EVALUATION OF MENTAL CHALLENGE OF
THE NAVY GRADUATE FINANCIAL MANAGEMENT PROGRAM

<u>Indicator</u>	<u>Number of Responses</u>	<u>Per Cent of Responses</u>
Significant Challenge	11	13
Considerable Challenge	50	59
Some Challenge	24	28
Little Challenge	0	0
No Challenge	<u>0</u>	<u>0</u>
Total	85	100

Again, although no comment provision was made nearly all respondents indicated that the course was quite challenging because they had been away from the academic environment for a considerable number of years.

TABLE 8

GRADUATES GENERAL IMPRESSION OF THE TEACHING
EFFECTIVENESS OF THE FACULTY

<u>Effectiveness Indicator</u>	<u>Number of Responses</u>	<u>Per Cent of Responses</u>
Superior	1 (20)*	1 (22)*
Above Average	25 (39)	30 (43)
Average.	47 (30)	56 (33)
Below Average	11 (2)	13 (2)
Poor	<u>0</u> (<u>0</u>)	<u>0</u> (<u>0</u>)
Total	84 (91)	100 (100)

*Figures in parenthesis reflect 1965 research.¹³

¹³Ibid., p. 24.

With respect to the teaching effectiveness of the faculty, the significance of these responses is not so much in the effectiveness rating as it is in the comparison with previous research.¹⁴ In 1965, twenty-two per cent of former graduates indicated that the teaching effectiveness was superior. However, of the graduates since 1965 only one respondent considered the teaching effectiveness to be superior. In addition, the 1965 research indicated that sixty-five per cent considered the teaching effectiveness to be above average or higher, whereas only thirty-one per cent of graduates since 1965 consider teaching effectiveness to be above average or higher. From this comparison it is evident that recent graduates consider teaching effectiveness to be lower than did graduates in 1965. The reasons for this indication of lower teaching effectiveness could be many and quite variable, from an actual decline in faculty capabilities to an increase in Navy student teaching requirements. However, the exact purpose of this decline is beyond the scope of this research project.

Comments were solicited to explain why the respondent had answered the question the way they did. In general most respondents indicated that different faculty members fell in different positions along the effectiveness spectrum and only an average answer was appropriate. Of the respondents who rated the effectiveness on the lower end of the scale the following comments were provided:

"I got the distinct impression that we (students) were a hobby, or a means to whatever business venture of academic status

¹⁴ Ibid., p. 24.

many of the faculty were spending most of their energy, interest, and imagination pursuing."

One respondent who indicated the teaching effectiveness to be average commented:

"I considered three instructors to be extremely outstanding but they were brought down by a few really poor instructors. I had the distinct feeling that the majority of instructors did not prepare for class except to look for last years notes just before class started and made no attempt to update their notes. I often wished that the instructors would have spent 10% the time I spent in preparation for class."

In addition to regular course material, students in the Navy Graduate Financial Management Program are presented a series of presentations by outside lecturers. Recent graduates were asked to give their impressions of the value of these outside lecturers. The result is depicted in Table 9.

TABLE 9
VALUE OF OUTSIDE LECTURERS

<u>Value</u>	<u>Number of Responses</u>	<u>Per Cent of Responses</u>
Significant Value	34	40
Considerable Value.	25	30
Some Value	19	22
Little Value	3	4
No Value	<u>3</u>	<u>4</u>
Total	84	100

Although no comment on this question was requested, numerous comments were provided, such as:

"Gave our effort real world feeling."

"Too political and narrow."

"Outside industry--great; DOD--typical--poor."

One of the respondents who ranked the outside lectures as of no value expressed himself concerning this phase of the Program as:

"The Washington, D.C. area has many people qualified in numerous areas (Congress, Bureau of Budget, Defense, etc.). Better use could have been made of them as outside lecturers. We seemed to get the same people year after year.

In addition some respondents felt that the use of outside lecturers should be the avenue of approach in providing specific Navy financial management information which is not a part of the regular program.

"Representatives from the Office of Navy Comptroller, Naval Supply Systems Command (stock fund), Office of Civilian Manpower Management, and Chief of Naval Operations Budget Offices should be regularly scheduled."

Since methods of instruction and teaching techniques vary between instructors, graduates of the program were asked to identify any teaching techniques which they felt were outstanding and could be utilized to a greater extent. Those techniques so identified are summarized in Table 10. In addition, several techniques were mentioned only once. These include group projects, seminars, lecture and discussion, informal discussions, and talented, interested and interesting instructors.

TABLE 10

OUTSTANDING TEACHING TECHNIQUES TO BE USED TO GREATER EXTENT

<u>Techniques</u>	<u>Number of Times Mentioned</u>
Case Problems	21
Take Home Exams	19
Short Term Papers	10
Field Trips	12
Fewer Canned Answers - Less Memory	18
Navy Oriented Outside Lecturers	14
Role Playing	6

The Navy graduate education program offers education in many different subject areas at numerous universities throughout the United States. The Navy Graduate Financial Management Program at The George Washington University is the only program wherein the officer students are treated as an isolated group and receive a prepackaged course structure. At all other universities the Navy officer melds in with the entire student body population of the university and selects his own course subjects within basic guidance from Navy administration officials. Graduates were therefore asked if they felt if the Navy student would benefit if the Program were integrated into the rest of the student body with the student choosing some elective courses.

Forty-four of the respondents (fifty-five per cent) indicated yes and thirty-six respondents (forty-five per cent) indicated no. Respondents were also asked to comment on their answer to this question. The comments to this question were very specific and although

all respondents did not answer the basic question nearly all respondents commented upon this aspect of the Program. Comments on this question are reflected below:

"Exposure to other than a military point of view might be beneficial."

"I am not sure that instructors proceed as rapidly through course material with rest of student body, so the program might not be as challenging academically, but I always thought I was missing something of contemporary academic thought by not being integrated."

"When I attended, some of the most challenging and rewarding courses were elective."

"The competition with other officers is keener than with people without ten years experience after college."

"I personally liked the convenience of one classroom and the opportunity to develop life-long friendships with other military officers. These contacts subsequently paid off in job assignments."

"A considerable amount of knowledge was gained from the experience in class which related to Navy management."

"Feel the program would be diluted eventually. After all the course is Navy financial management."

"There are advantages to both and not wishing to straddle, I honestly feel there is need for electives to allow the student to tailor a portion of his study effort to areas of his choice."

"Should be half pre-packaged and half elective."
However, six respondents commented along the same line which is summed up by one comment:

"It all depends on what you want from the school. By you, I mean the Navy. With today's curriculum it might just as well be integrated with the rest of the school and give the officer student a chance at some electives. If, on the other hand, the idea is to train military financial managers and comptrollers, the program must be isolated and the curriculum overhauled to meet this requirement."

This specific area has been discussed informally with several faculty members. It is the belief of the faculty that if elective courses are added to the present package of courses, the scheduling of courses would be so complex that an extension of the Program over the present twelve month time frame would be required. Navy officials feel that the Program cannot be extended beyond the present length. This area will be further analyzed in Chapter IV.

A recent decision by the faculty at The George Washington University eliminated the requirement of a thesis as part of a Master's in Business Administration. The thesis will continue to be a part of the graduate program but will be an optional requirement. In view of this decision, recent graduates were requested to indicate the contribution which they felt the writing of a thesis had to their overall education. The results of the responses are shown in Table 11. The two respondents which indicated other contribution provided the following justifying comments:

"Promoted a discipline of time and mind obtainable in no other way."

"Provided good knowledge of Washington area."

TABLE 11
CONTRIBUTION OF WRITING THESIS TO OVERALL EDUCATION

<u>Contribution</u>	<u>Number of Responses</u>	<u>Per Cent of Responses</u>
Developed Research Techniques	35	35
Improved Writing Skills	24	24
Gained Valuable & Useful Knowledge on Topic	29	29
No Contribution	8	8
Other	<u>2</u>	<u>2</u>
Total	100	100

Graduates of the program were then asked if they felt the requirement for a thesis should have been made optional. Thirty-two of the respondents (thirty-eight per cent) indicated that the decision of an optional thesis requirement was correct and fifty-two respondents (sixty-two per cent) felt the decision was incorrect. Of particular interest is that of the respondents who indicated that the writing of a thesis did not contribute to their overall education, all eight felt that the thesis should be eliminated. Although no comments were requested on this question thirteen respondents who indicated a negative response commented that their decision was made in isolation of what would be substituted to replace the thesis requirement.

Those respondents who indicated that the thesis requirement should not be changed were asked if they felt that the thesis topic should be restricted in scope to relate to an area of Navy financial management. One-third of the respondents felt the subject area should be so limited and the remaining two-thirds felt that the complete

choice of a topic should be the individual's. In addition, three of the respondents who felt that the topic should be an individual choice felt that the topic should be limited in scope to a financial management area.

As previously indicated throughout the responses to previous questions, a concern over the lack of specific Navy financial management courses was offered by many respondents. Since this same feeling has been advanced by members presently in the Program, respondents were asked if a course designed to teach specific Navy finance procedures would be beneficial in the development of Navy financial managers. Fifty of the respondents (fifty-eight per cent) indicated that such a course would be beneficial and thirty-five (forty-two per cent) indicated that such a course would not be beneficial. A significant pattern of the type of positions held by the respondents was also related to this question. Of the fifty officers who felt that such a course would be beneficial, thirty-five were serving or had served during their immediate past tour, in a financial management billet which required graduate education in financial management. Several specific comments in this area were presented by the respondents:

"At some point in time in development of financial managers this is a must."

"This area fits more in the category of training than education and can be learned on the job. The Program would do better to stick with intellectually stimulating subjects which would equip officers to look behind the extant Navy procedures and understand what is trying to be accomplished, and maybe improved upon."

"There appears to be a general belief among officers who have not attended the program that the program teaches 'Navy Comptroller-ship.' It does not! If one is expected to understand Navy finance procedures, either prior experience in the field or separate courses are needed."

One rather humorous comment was included by a respondent who continually stressed the requirement for specific Navy training. His comments:

"We need something! The Navy Graduate Financial Management Program at The George Washington University is about 20 years old and financial management in the Navy is still a virgin."

Officers who indicated the requirement for a technical Navy financial management course were asked if the course should carry academic credit and if it should be part of the present Program. Sixty per cent of the respondents felt the course should carry academic credit and sixty-five per cent felt that such a course should be incorporated into the current Program. All respondents who felt that there should be such a course but not part of the present program, felt that the course should be given immediately upon graduation from the Program and prior to reporting to the next duty station.

A revision in the curriculum structure was made in 1965 as a result of the previously mentioned faculty study of the Program. Since then, several changes to the Program have been made to keep the course structure up to date. A summary of the present course structure was included in the questionnaire and officers were requested to make suggestions of changes, with justification, which they felt would

improve the Program. Responses to this question were minimal. Six respondents indicated more emphasis in Governmental Budgeting and Planning, Programming and Budgeting. Five respondents suggested the elimination of Business Research and the substitution of individual electives. Several items mentioned by only one respondent were: "more general management, more human relations, more personnel administration, more data processing, make one accounting course cover auditing, less accounting, and a mathematics review course with or without credit."

A significant comment was expressed by one respondent:

"The Program does not allow flexibility. By this I mean an officer with 60 hours of undergraduate accounting takes Accounting 115 the same as an officer with no accounting background. The University should screen applicants and make allowances for this type of situation. I realize the coordination of the Navy requirements and the requirements of an MBA is a difficult job. However, the approach of sending everyone through the same template is not an ideal solution."

After reviewing the summary of courses currently in the Program, the officers were asked to list those courses which they felt had been most helpful and least helpful in their assignments since graduation. A result of the responses is shown in Table 12.

As a final question, respondents were asked for any overall comments concerning the Program which they wished to make. A wide variety of comments were made. Seventy-five per cent of the respondents indicated strong approval of the program and had recommendations for continuing the program and can be summarized by this comment:

"In looking back, I find that my outlook was changed by the experience and that my approach to problem solving and management was greatly matured. My thinking on management and control became more disciplined, and I believe that my capabilities as an executive were significantly enhanced."

TABLE 12
ANALYSIS OF COURSES IN CURRICULUM

<u>Course Title</u>	<u>Most Helpful</u>	<u>Least Helpful</u>
Economics 195	28	12
Statistics 119	14	16
Accounting 115	15	15
Management 201	25	13
Accounting 215	18	0
Management 235	24	16
Business Research 293	11	19
Management 204	15	19
Management 207	33	12
Management 218	18	24
Public Administration 251	26	20
Accounting 245	16	15
Management 221	16	21

Two respondents suggested a change in the administration of the program by a Navy officer being assigned for coordination and liaison. They felt that the university and the Navy desires could be served better by establishing such a position.

One respondent was critical of the Navy's efforts toward administering the program and stated:

"The current role of contracting The Navy Graduate Financial Management Program to The George Washington University without any control or active participation and feedback does not provide for good contract administration."

Summary

Based on the responses to the questionnaire (Appendix A) the following general conclusions may be made:

1. Less than half of the graduates since 1965 are serving in billets which require post-graduate education in financial management, although two-thirds of all graduates have served in such a billet at some time since their graduation from the Program. Therefore, the utilization rate for qualified officers in financial management is relatively low.

2. The majority of graduates feel that the Program was of considerable or significant value in contributing to their ability to handle financial management assignments. However, the value assigned to the Program for preparation for such billets has declined since a similar survey in 1965. Many respondents felt that there should be more emphasis given to Navy financial management techniques within the Program while other officers saw the general management training as being transferrable between billets and therefore of primary benefit.

3. The most frequently listed skills required of a Navy financial manager were speaking ability, Navy finance procedures, general

management principles, writing ability, governmental budgeting, accounting, and data processing skills.

4. The majority of respondents felt that accounting and general management was adequately treated in the Program and that the thesis requirement improved a student's writing ability.

5. Former graduates felt that specific Navy finance procedures, financial management, governmental budgeting and auditing were not adequately treated in the Program.

6. Sixty per cent of the respondents felt that the Program was of significant or considerable value in contributing to their ability to handle non-financial management assignments primarily due to the exposure to the academic environment and the resultant development of management philosophy.

7. Two-thirds of the respondents felt that their assignments since graduation have provided a very good or excellent opportunity to utilize the education they received through the Program.

8. The majority of respondents considered the workload of the Program about right and the mental challenge to be considerable.

9. The majority of responses considered the teaching effectiveness of the faculty to be average. This was a sharp decline from the evaluation given by former graduates in 1965.

10. The majority of respondents endorsed the value of the outside lecturers and felt that their use could be expanded to cover more specific Navy financial management topics.

11. Respondents favored the use of case studies, take home examinations, less memory courses, and short term papers as effective

teaching techniques which should be utilized to a greater extent.

12. Over half of the respondents felt that the Navy student would benefit if the Program were integrated into the rest of the student body with the student choosing some elective courses.

13. The respondents felt that the writing of a thesis contributed to their overall education by developing research skills, improving writing ability, and gaining valuable and useful information on the thesis topic.

14. Over sixty per cent of the respondents felt that the decision of an optional thesis requirement was not correct and the thesis topic should not be limited in scope to a Navy financial management area.

15. The majority of respondents indicated a requirement for a course, to carry academic credit, which would teach specific Navy financial management procedures.

16. Respondents felt that Economics 195, Management 207, and Management 201 were most helpful in their assignments since graduation. In turn, Management 218, Management 221 and Management 204 were listed most frequently as least helpful. Public Administration 251 was listed within the top three on both the most helpful and the least helpful list. The actual course content of the Program should continue to receive attention of both Navy and University officials and should be the subject of further study to determine the exact needs of the Navy.

17. The responses to the questionnaire reflected a sincere interest in the program and were critical in only a constructive

manner. The Program received numerous endorsements and recommendations for continuance. A variety of specific changes were suggested to improve and strengthen what was considered to be a valuable education program.

CHAPTER IV

ANALYSIS OF NAVY OFFICER FINANCIAL MANAGER GRADUATE EDUCATION

Introduction

In Chapter II the duties and responsibilities of a financial manager in the Navy were presented. The Navy Graduate Financial Management Program at The George Washington University was established in 1952 primarily as an avenue of training, through education, to develop the managerial talents of Navy officers to perform these duties and responsibilities. The Program, along with job rotation, is the core of career development for Navy officers in financial management. In this chapter, the current career development program will be analyzed with emphasis only on graduate education. In addition a proposed model for Navy financial management education will be presented, to be incorporated into career development for financial managers. The proposed model attempts to incorporate the strong points and overcome the shortcomings of the present graduate education program as reported in Chapter III.

Graduate Education and Career Development

There is always some confusion associated with the terms management development, management education, and management training.

However, this need not be the case. For purposes of this research, development refers to the progress a manager makes in learning how to manage.¹ Basically, development may be viewed as an umbrella under which both training and education are covered. However, training and education are not the same. Education is primarily intended to build knowledge while training is aimed at the achievement of specific results.² These definitions will be expanded later in this Chapter in the proposed model of graduate education for financial managers.

The basic objective of the Navy postgraduate education program is to educate officers to fill certain billets which have been classified as requiring an incumbent with a master's degree education level. These positions are termed P-coded billets.³ Navy billets are classified as P-coded by local activities and reviewed through the chain of command. Billets are thus identified in which graduate level education is essential for the optimum performance of duty.

Essential for the optimum performance of duty means cost effective. This means that it is in the best interest of the Navy regularly to fill a billet with an incumbent who has the appropriate subspecialty because this measure of quality and degree of expertise is necessary to exploit fully the capabilities of that billet to enhance unit effectiveness.⁴

There are currently over one-hundred different types of P-coded billets in the Navy.⁵ These billets are filled by matching

¹ Koontz, et al., Principles of Management, p. 507.

² Schiller et al., Development of Financial Managers, p. 76.

³ U. S. Department of the Navy, Office of Chief of Naval Operations, Instruction 1211. 6C.

⁴ Ibid.

⁵ Ibid.

an officer's subspecialist code with the P-code of the billet. An officer receives a subspecialist code by successfully completing a postgraduate program. Accordingly, by this system of coding both officers and billets, a degree of specialization must be included in the objectives of any postgraduate program. However, the Navy feels that there are benefits to any postgraduate education other than the matchup of qualifications of the officer and requirements of the position.

The value of graduate education to the Navy is multifold. The Navy's graduate education program prepares officers to meet Navy requirements in a wide variety of technical, managerial, and policy setting billets for which graduate education in a specific discipline is considered essential for optimum performance of duty. Additionally, and more importantly, graduate education broadens the capacity for original thought and develops the analytical tools for problem solving, faculties which are useful in all areas of naval endeavor. Graduate work provides perspective and develops a breadth of knowledge, mental discipline and skill in communicating ideas which enhance an officer's value to the Navy in whichever billets he may serve. Thus, graduate education contributes materially to the cost effectiveness of Navy's manpower resources.⁶

Although postgraduate education carries some connotations of specialization, this characteristic is soon lost due to many factors. First, officers who attend postgraduate schools are usually in the middle range of their careers and there are fewer specialization positions at the higher echelons of command. Second, officers who attend postgraduate schools usually serve only two tours in their subspecialist area. Third, many officers due to primary specialist codes--aviation, submarine, and unrestricted line officer--may be only available for tours of sea duty because of the shortage of

⁶Ibid.

officers in their primary fields of specialization. Accordingly, if an officer does not serve in an area directly related to his post-graduate education immediately following completion of the education program, the odds are extremely high that this officer will not serve in his subspecialty area very often. Perhaps this is the way it should be. Top management should be a generalist and not a specialist. It should be noted that a generalist is not a jack-of-all-trades and master of one. C. R. Rafferty says:

a generalist is a man whose training in several disciplines is cemented together with a firm foundation of technical fundamentals, practical experience in the real world beyond the ivory tower, complete objectivity, and an ability⁷ to specialize temporarily but intensively, as necessary.

Although the thread of specialization runs through all postgraduate education programs, the externalities may outweigh the benefits of specialization, due to the importance of postgraduate education in career development. Robert H. Haveman defines an externality as:

. . . an indirect side effect or spillover impact which results from a decision not typically considered a direct benefit or cost, externalities. . . confer gain on someone without demanding payment.⁸

In the case of postgraduate education, the emphasis may be on a high degree of specialization in a specific area with less emphasis on overall managerial talents. However, the managerial

⁷C. R. Rafferty, "Meeting the Challenges to Professional Growth in Purchasing Today," Address before the Purchasing Management Conference sponsored by the Purchasing Agents Association of Northern California, March 17, 1967.

⁸Robert H. Haveman and Julius Margolis, Public Expenditures and Policy Analysis, (Chicago: Markham Publishing Company, 1971), p. 9.

talents and capabilities that result from a post graduate education (the externalities) may benefit the Navy more in the long run than the benefits derived from specialization.

Henri Fayol recognized the most important characteristic of top management to be administrative ability:

Whatever the function being considered, the chief characteristic of the lower employee is the special ability appertaining to the function (technical, commercial, financial, etc.) and the chief characteristic of the higher employee is administrative ability. Technical ability is the most important quality at the bottom of the industrial ladder and administrative ability at the top.⁹

Since postgraduate education is a large part of the Navy career development program, its objectives should contain both long range and short range targets. In the short run, postgraduate education should provide the avenue for specialization required at lower and middle management levels. In the long run, postgraduate education should provide administrative abilities for the top managers of the future. In this manner, postgraduate education fits quite snugly into career development.

Postgraduate training on this basis seems to be the Navy's objective by incorporating postgraduate education into career development. This philosophy is in agreement with the classical concepts of management as set forth by Koontz and O'Donnell's thesis of universality and transferability of managerial skills.¹⁰ Kenneth McLennan perhaps stated this philosophy somewhat more succinctly in describing the results of a survey of manufacturing firms:

⁹ Luther Glick and L. Urwick, Papers on the Science of Administration. (New York: Institute of Public Administration, 1937), p. 120.

¹⁰ Koontz, et al., Principles of Management, p. 57.

Obviously there are some types of skills which are more transferable than others. Some of the highly necessary skills were described as organizationally related while other groups of skills were academically oriented; the former will not be particularly transferable from one organization to another while the latter will probably be transferable organizationally, industrially, and perhaps from one functional area to another.¹¹

Accordingly, if an officer is not utilized in his subspecialist code upon completion of postgraduate school, all is not lost. The unmeasured benefits resulting from a graduate education may offset the cost involved in obtaining such an education.

As related to financial management career development, post-graduate education is utilized for training at the middle management level. However, the significance of specialization versus generalization is readily apparent in the broad area of Navy financial management. Of the top four military officers in financial management in the Navy, none of these officers received financial management postgraduate education. It is therefore obvious that specialization is more warranted at lower levels of Navy management and higher levels of command are filled by a generalist.

Shortcomings of Navy Graduate Financial Management Program

In Chapter III, the comments of recent graduates of the Navy Graduate Financial Management Program were presented. Based on the research presented in Chapter III it is apparent that there exist some shortcomings in the present education program as it fits into

¹¹ Kenneth McLennan, "The Manager and His Job Skills," Academy of Management Journal, Vol. 10, No. 3, September 1967, p. 245.

the overall career development pattern for Navy officer financial managers. Accordingly, the following are considered to be shortcomings of the present program.

1. In order to measure or indicate shortcomings of any event, it is necessary to specify the objective function of the event. In the case of the Navy Graduate Financial Management Program, there could be found no documentary evidence which stated the objectives of the program in other than extremely broad terms, i.e. "to fill certain Navy Officer billets which require an incumbent with a master's degree education level."¹² Accordingly, the lack of a specific objective of the Navy Graduate Financial Management program may be the precursor of any shortcomings identified. The problem of lack of identification of specific objectives is by no means found only in the Navy. Although the possibility exists to confuse education, and training, most management development programs seem to include some educational programs under the general heading of training.

Of the more than six billion dollars spent annually for training [and education] purposes, a sizeable proportion is probably wasted. The problem is not with industry's intentions, because it is commonly accepted today that management training [education] and development represents one of our economy's critical needs and considerable resources must be channeled toward building more effective manpower capabilities. The main difficulty, instead, seems to rest with our understanding of what kind of training [education] is needed and how best to provide it. In effect, managements need to develop a better understanding of what they want to achieve before they can take significant steps to reach these goals.¹³

¹²U. S. Department of the Navy, Office of Chief of Naval Operations, Instruction 1211.6C.

¹³Schiller, et al., Development of Financial Managers, p. 73.

Koontz and O'Donnell also recognize the need for clarity in specifying the objectives of a management training program.

One reason for the dissatisfaction managers feel for training programs is that the over-all purpose is rarely clarified. The major purpose of training should be the creation of opportunities to develop skills directly related to the execution of the managerial functions. They are acquired through study and through the practice of management--the application of learning to experience in solving problems of planning, organizing, staffing, directing, and controlling.¹⁴

Even though the specific objective of the Navy Graduate Financial Management Program has not been formalized, the importance of the postgraduate education program has been expressed as follows:

Our postgraduate program is important--first, to an individual's career development, second, to our ability to satisfy the need for qualified officers in our P-coded billets, and third--and most important--as a career retention incentive. The postgraduate program is the keystone of our retention program and is undoubtedly the single most important retention factor in the mind of the junior officer.¹⁵

These significant contributions by the postgraduate education program are indeed noteworthy. However, they do not explain the entire purpose. Perhaps the above comment does indicate that the importance of the graduate education program has shifted from that of providing the education to officers to fill certain billets to that of retaining junior officers in the Navy. As previously discussed in this Chapter, however, the graduate education program must consider the specialization characteristics of graduate education to fill specific Navy officer billets.

¹⁴ Koontz, et al., Principles of Management, p. 516.

¹⁵ John A. Scott, Captain, SC USN, "The Status of the Supply Corps". Address given at the 1968 U. S. Navy Supply Conference at Annapolis, Maryland, April 23, 1968.

In order to further evaluate the present Navy Graduate Financial Management Program it is therefore necessary to make assumptions concerning the objectives and the purposes of the program from the overall Navy viewpoint. Accordingly, based on analysis of the results of the questionnaire discussed in the previous Chapter as well as the financial management graduate education programs of other services, the remainder of this analysis will be based on the following assumed objectives of the Navy Graduate Financial Management Program at The George Washington University:

A. To lead to a knowledge of both industrial and military management techniques, with emphasis on financial management and the effective and economical use of resources.

B. To result in the granting of a Master's degree in Business Administration as an integrated part of the Navy's post-graduate education system.

C. To present the essential aspects of public administration and business administration without undue regard to, but in relation to, current Navy thinking and regulations.

With respect to the above objectives, the current program does not provide the level of technical skills required of a Navy officer at the middle management level. As indicated by a majority of respondents to the questionnaire in Chapter III, there is a need for training in some of the specific Navy financial systems and procedures. Former Assistant Comptroller of the Navy for Financial Management, Rear Admiral Kenneth R. Wheeler, stated:

Middle management or the working level supervisory strata must know how to produce the data top management requires, and additionally must fully understand the concepts, the procedures and the systems which produce the usable end products.¹⁶

In discussing the officers who attend the Navy Graduate Financial Management Program at The George Washington University, Wheeler said:

Since these officers are in the mid-range of their careers, they must become knowledgeable in both the middle management and the detailed aspects of all phases of comptrollership. They form a solid nucleus of military comptrollership throughout the Navy.¹⁷

At present Navy officers obtain the technical skills (detailed aspect) of Navy financial management through on the job training either before or after attending the Navy Graduate Financial Management Program since this phase of training is not included in the current course curriculum. It is recognized that a fine line may exist which separates technical skills and general skills. However, there is general acceptance that there is a natural, gradual tendency to shed the cloak of technician as one moves up in the management hierarchy.¹⁸ Since the Navy Graduate Financial Management program is aimed at middle management, it must be recognized that failure to consider the detailed aspect of Navy financial management must be considered a shortcoming of the program.

The U. S. Army has recognized the necessity for officer training in the detail aspects of military financial management and

¹⁶ Kenneth R. Wheeler, Rear Admiral, SC USN, "Comptrollership Training in the Navy," The Armed Forces Comptroller Vol. 14, No. 1, (January 1969), p. 5.

¹⁷ Ibid., p. 7.

¹⁸ Schiller et al., Development of Financial Managers, p. 40.

has incorporated this requirement into their program at Syracuse University. Speaking on the subject, the Director of the Army Comptrollership School, Major General William M. Lynn said;

Military comptrollership has been with us since 1949; however, there still exists a large variation in the level and knowledge and education among the people who occupy comptroller positions in the three Services. This variation is due, in part, to the way military comptrollership knowledge is acquired. It can vary, on one extreme, from years of exposure on the job with no formal education or updating--to the other end of the spectrum involving two years M.B.A. work at a university and no job exposure. This latter situation is worsened because, in many cases, the M.B.A. program was entirely business oriented and not directed toward comptroller duties.¹⁹

3. Navy officers are selected to participate in the graduate education program only if they so request. Annually, a selection board meets which selects those officers who will attend a graduate school in the coming years.

Selection to postgraduate school is based on demonstrated professional performance as indicated in fitness reports. Each applicant must also be screened to ensure that the minimum entrance requirements for the various educational institutions can be met.²⁰

It is readily apparent that performance is the key to selection for participation in a graduate education program. However, this single factor may have some serious shortcomings. Perhaps the selection for graduate education serves as a pre-selection indicator to promotion.

¹⁹ William M. Lynn, Major General, USA (Ret), and Richard J. Hopeman, "Education for Comptrollership--The Army Comptrollership School Keeps Up With Today's Demands," Armed Forces Comptroller, Vol. 16. No.3, (Summer 1971), p. 15.

²⁰ Howard E. Kuhns, Lieutenant Commander, SC, USN, "Postgraduate Education Opportunities," Navy Supply Corps Newsletter, Vol. 34, No. 3, (March, 1971), p. 27.

Since only a limited number of executives can be sent to a university program, management must exercise great care in selecting them. The man who is picked may feel that he is slated for rapid advancement and may alter his expectations and behavior accordingly; if he fails to get promoted soon after he returns, he is likely to feel cheated and demoralized. On the other hand, those who are not selected may consider their being passed over as almost a demotion.²¹

The possibility of postgraduate education serving as a pre-selection indicator to promotion is strengthened by performance being the basic criteria for selection for both and the significant correlation between graduate education and promotion.

. . . the available statistics indicate that promotion-potential through the grade of Captain is enhanced by advanced education. As far as promotion potential to flag rank is concerned, the evidence is inconclusive; however, it appears that a refined analysis would show that flag selection is indeed enhanced by advanced education, and this enhancement will become more prevalent in future years.²²

Because of this high correlation between graduate education and promotion success, many Navy officers apply to graduate education programs for which they feel they have a better chance of selection rather than a particular program in which they are interested, or for which they possess the background. The officers feel, and rightly so, that selection and completion of any program is better than participation in no program.²³

²¹ George Strauss and Leonard R. Sayles, Personnel, The Human Problems of Management. (Englewood Cliffs, New Jersey: Prentice-Hall, Incorporated, 1960), p. 568.

²² "Postgraduate Education and Promotion: A Significant Relationship?". United States Naval Institute Proceedings, Vol. 93, No. 1, (January 1967), p. 46.

²³ Interview with Robert L. Mathews, Career Development Branch, Bureau of Naval Personnel, Washington, D.C.: December 22, 1971.

The results of officers requesting graduate education in fields in which they have little or no background, and the selection process being based on performance, is that a graduate education program must be based on the lowest common denominator of its participants. A template approach to education is therefore forced on the education institution and no consideration is given to the different backgrounds of the participants. For example, a participant with an undergraduate degree in accounting takes the same basic accounting courses as does the participant with an undergraduate degree in engineering.

This selection process also does not consider the best educational path for financial managers. A recent research report sponsored by Financial Executive Institute reveals that of highly successful financial executives:

- twenty-eight per cent are non business undergraduates, with MBA
- twenty-one per cent are non business undergraduates, no MBA
- fourteen per cent are business graduates, no MBA
- fourteen per cent are business graduates, with MBA.²⁴

The lack of emphasis on previous educational background also fails to consider the importance of undergraduate training at an earlier, more formative, point in an individual's life.

At the MBA level, most programs seek to develop persons who have a general knowledge of all the functions, some awareness of the broader social concerns of management, as well as some sophistication in mathematics, statistics, economics, and the behavioral sciences. But there is a real question among business education educators as to whether their schools can accomplish in such a short time (two years maximum for

²⁴Schiller, et al., Development of Financial Managers, p. 49.

the MBA) both the breadth of knowledge required, as well as the sophistication required by the quantitative aspects of tomorrow's managerial work. Some schools are actively debating whether a three-year MBA will not be required in the future.

Perhaps this is why our findings indicate that undergraduate experience may be more critical in determining the eventual success of a financial executive than his MBA experience. Four years of education can do far more than two in terms of shaping a man's mind, and developing habits of learning. Also, a solid foundation and appropriate discipline in a young man's thinking early in his university studies probably contribute mightily to later growth and effectiveness. Breadth of undergraduate education seems to be a key to success.²⁵

The Navy Graduate Financial Management Program is even more restricted because of the time factor; it is only a one year program. Officers with completely different educational backgrounds are grouped together and participate in a common, packaged, Master of Business Administration curriculum which, by necessity, is based on the lowest common denominator of the class participants.

Although all of the above problem areas are somewhat different, they are all interrelated through the selection process.

It has been demonstrated time and again that the most important part of any management development program is a good selection program.²⁶

4. Throughout Chapter III the significant comments of graduates of the Navy Graduate Financial Management Program were discussed. Although these comments highlight numerous shortcomings, a significant proportion appear to fall in the area of contract administration or, in the classical concept of management, the area of controlling. Koontz and O'Donnell define controlling as:

²⁵ Ibid., p. 65.

²⁶ Ibid., p. 22.

. . . it measures performance, corrects negative deviations, and assures the accomplishment of plans. Although planning must precede control, plans are not self-achieved. Carrying them out means prescribing the activities of employees at designated times. The plan guides the manager in the timely use of resources to accomplish specific goals. The activities are monitored to determine whether they conform to planned action.²⁷

The first shortcoming discussed in this section emphasized the importance of having specific objectives concerning financial management education. Of course, without objectives a plan is extremely difficult and controlling is nearly impossible. An integral part of control is the feedback process.²⁸ The present administration of the Navy Graduate Financial Management Program does not facilitate the avenues of communications necessary for open feedback. For example, in Chapter III it was shown that recent graduates consider the teaching effectiveness of the faculty to be somewhat lower than did recent graduates in 1965. If proper lines of communications and feedback were available, this situation could have been discovered, investigated and corrected quite rapidly.

Proposed System of Graduate Education For Navy Financial Managers

Because of the shortcomings of the current Navy Graduate Financial Management Program just presented and the comments of recent graduates as presented in Chapter III, a system of graduate education

²⁷ Koontz, et al., Principles of Management, p. 50.

²⁸ Ibid., p. 643.

for Navy financial managers has been developed by the author which attempts to overcome any shortcomings and may be incorporated into the existing financial management career development program. No attempt has been made to analyze and discuss specific courses in the education curriculum; rather, an approach is presented which will ensure that only courses which serve the best interest of both the Navy and the University are presented.

In presenting this approach the requirements of both The George Washington University and the Navy have been carefully synchronized--The George Washington University's requirement that the students completing the course meet the requirements for the Master's of Business Administration degree; and the Navy's requirement that graduates of the program be capable of entering into an assignment in the financial management field with a minimum of additional training.

Very few people would question the advantages of a career development program. However, research by The Financial Executives Institute reveals that:

. . . little is really being done in most companies to upgrade and strengthen management talent in a planned and organized way. Most companies have no central long range goal to guide their manpower development efforts. Much more time, effort and expense is likely to be devoted to the introduction of a new operating system or a piece of equipment than to the improvement of people.

Training is treated like the weather, everyone is concerned but not much is done. But even when programs are conducted, the results are vague. Although satisfaction is expressed regarding participation in these programs, the companies rarely know if anything constructive have actually been achieved.²⁹

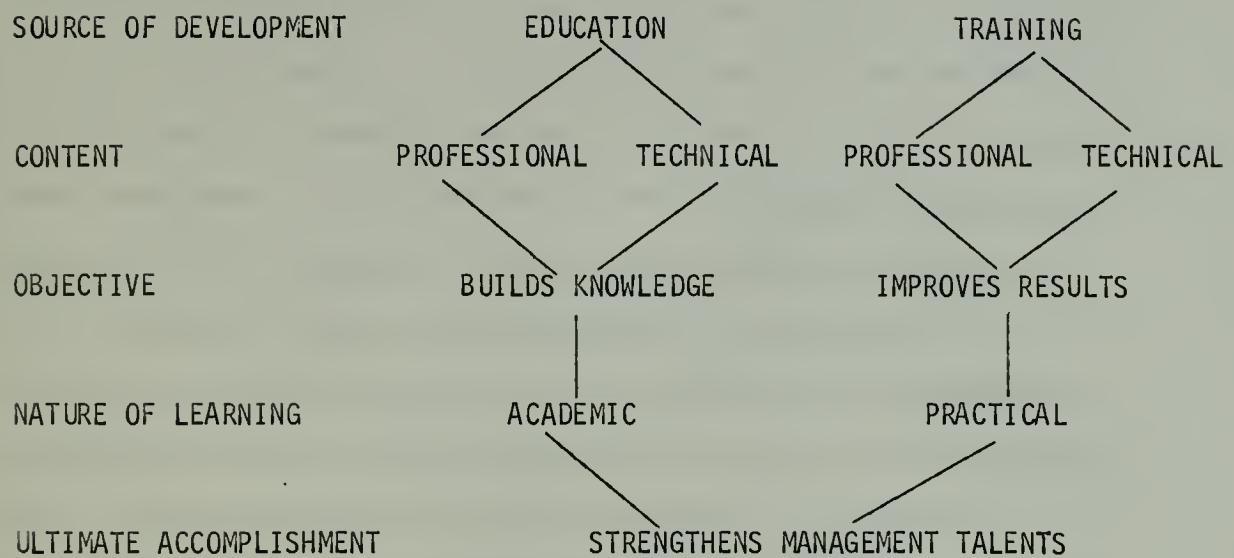
²⁹ Schiller, et al., Development of Financial Managers, p. 76.

This is by no means a new and unusual finding. Saul W. Gellerman points out:

While management training, with or without courses in human relations, serves important functions--especially the formal one of introducing young managers to the climate of management in their organization--it hardly produces any major changes in their natural leadership styles. If it is true that leaders are made and not born, then much of the making occurs before they are formally appointed to leadership, and the remainder occurs when the challenges of their jobs bring out the best in them--or the worst, as the case may be.³⁰

Perhaps the reason that the purpose of training and the objectives to be achieved in career development are somehow forgotten and lost in the shuffle of everyday crisis is the confusion with the definitions of the words--training and development. As already pointed out, there is a distinction between the two. In addition, the confusion is further compounded when education is brought into play. However, these terms should not be a source of confusion. As shown in Figure 1, development should be viewed as a broad umbrella under which falls both training and education. Although the contents of both training and education are the same--split between professional and technical--the objectives are different. The objective of training is to improve results whereas the objective of education is to build knowledge. In addition, the nature of learning is different for training and education. Education is an academic process and training is a practical process. The main goal of management development--to strengthen management talent, is only achieved by a combination of the two sources of development. The concept that ultimate management development is only achieved through

³⁰ Saul W. Gellerman, Motivation and Productivity (New York: American Management Association, Incorporated, 1963), pp. 235-236.

FIGURE 1³¹A DEFINITION OF MANAGEMENT DEVELOPMENT

³¹ Schiller, et al., Development of Financial Managers, p.77.

proper mixtures of training and education is the basis of the proposed graduate education program for Navy financial managers.

As previously discussed, perhaps the lack of objectives of the Navy Graduate Financial Management Program is the precursor of the shortcomings and comments already discussed. With this factor eliminated by accepting the assumed objectives of the program discussed earlier in this Chapter, it is possible to develop a program which will fit into both the education and training sources of financial management development. In this respect financial management is separated into two distinct functions--finance and management. Finance fits into the area of training while management fits into the area of education. As can be seen by Figure 1, both finance and management now proceed on their way until they rejoin at the ultimate accomplishment. With respect to Navy financial managers, this separation is even more pronounced. Specific Navy financial techniques and procedures fall into the technical skills category covered by training.

Technical skills as used here refers to the ability to use pertinent knowledge, methods, techniques, and equipment necessary for the performance of specific tasks and activities, and for the direction of such performance. Fundamentally, it involves an understanding of, and proficiency in, a specific class of functions in the organization.

. . . the concept of supervision has direct implications concerning the essential skills that an occupant of the generic office or supervisor must have. To perform the functions required to coordinate the activities of one organizational family with another, the supervisor must have administrative competence. To integrate organizational objectives with individual member needs, he must have human relations competence. And to accomplish his other assigned tasks, including the performance of concrete

day-to-day work functions and specialized subobjectives he must possess technical competence.³²

In the situation of developing middle level Navy financial managers, this technical competence is specific Navy finance procedures and techniques.

Accordingly, the following actions appear desirable to achieve a more optimal result in a career development program for Navy financial managers:

1. A course should be developed by the Office of the Comptroller of the Navy specifically for the students attending the Navy Graduate Financial Management Program. This course would carry academic credit and would include only Navy oriented financial management materials. For example, Navy budgeting procedures, Navy Stock Fund accounting, Navy Industrial Fund accounting, Navy civilian personnel policies and union relationships, etc., should be incorporated into this course. This course should be taught by a full-time employee of the Department of the Navy. This instructor should also provide the overall curriculum requirements of the Navy to The George Washington University for incorporation into the Navy Graduate Financial Management Program. In addition, this instructor should serve as the avenue of feedback information to the Navy for monitoring the program. This action would provide the professional training required in career development.

³² Basil S. Georgopoulos and Floyd C. Mann, "Supervisory and Administrative Behavior," The Community Hospital, (New York: The Macmillan Company, 1962), p. 63.

2. A basic core of subjects should be selected by joint agreement between the Navy and The George Washington University which all students of the program would be required to complete. In addition each student should be allowed to select some elective courses which would serve to complement the basic core requirements. The elimination of a required thesis makes this recommendation a possibility for early implementation.

3. Each applicant for the program should have previously completed basic courses in Accounting, Statistics, and Economics. This requirement added to the selection criteria would allow the program to be presented at a higher level rather than the present method of starting at the lowest common education base. Most selectees for the program have at least ten years active duty prior to attendance. This time frame allows sufficient time to complete these three courses. In addition completion of these courses would indicate a strong desire to participate in a Master's of Business Administration program.

The above three changes are not far ranging and consider both the requirements of the Navy and the desires and requirements of The George Washington University. In addition, these changes would require little additional resources for implementation. By implementation of these three changes, the shortcomings of the course previously discussed would be eliminated.

Summary

As discussed in this Chapter, graduate education is a significant part of the career development of Navy financial managers.

However, there are other significant contributions of graduate education in addition to career developments. For example, the possibility of participation in a graduate education program plays a significant role in the retention of junior officers.

Based on the results of the questionnaires discussed in Chapter III and an examination of financial management educational programs in the other military services, there are some shortcomings in the present Navy Graduate Financial Management Program as related to career development. Perhaps, the most significant shortcomings are the lack of specific objectives and the lack of a technical course in Navy financial management procedures.

To overcome these shortcomings, three recommendations have been presented to change the current structure of the Navy Graduate Financial Management Program. Basically these recommended changes are:

1. Inclusion of technical Navy Financial Management procedure course.
2. A core of courses for all participants plus individual elective courses.
3. Acceptance of only individuals who have completed basic courses in Accounting, Statistics, and Economics.

CHAPTER V

CONCLUSION

From its inception, a basic purpose of this research was to provide clarity and guidance relative to the development of Navy financial managers. The aim, however, was not to develop a profile, but to gather data systematically from Navy officers who have been educated and trained specifically to fill assignments in financial management. The primary concern is the financial executive himself, with major emphasis concentrated on ferreting out what type of education, training, and development is required to maximize the effectiveness and efficiency with which a Navy financial manager performs his tasks--that of managing the resources allocated to the Navy.

Earlier in this research the question presented was "to what extent does the present U.S. Navy career development and educational program fulfill the requirements for Navy financial managers?" Any analysis of this basic question must relate to the two different and distinct areas of quantity and quality.

Quality measurements are extremely difficult in any subject area but are even more tenuous when attempting to measure the quality of career development, training, and education. Perhaps one measure of this quality would be the end results of job performance. This

tangent of measurement is extremely difficult because of the inherent problems of performance measurement. However, when compared to sixteen other subspecialist codes, financial manager subspecialists (officers with masters degree education in financial management) ranked first in performance.¹ Another avenue of measurement seemed to exist which would provide an answer to the quality of the Program. This avenue was to go to the Navy officers who have been educated specifically to perform financial management assignments and ask them, through the means of a questionnaire, preselected questions concerning the value of the education they had received. Accordingly, this avenue was taken in gathering the data concerning the quality of the Navy Graduate Financial Management Program established at The George Washington University by the Navy to develop financial managers. The results of the questionnaire were presented in Chapter III.

The quantity area was indeed easier on which to gather data. At present, there are three-hundred-and-one billets in the Navy which have been identified as requiring an incumbent with graduate education in financial management.² There are three-hundred Navy officers who have completed graduate education in financial management.³ Although it therefore appears to be a nearly perfect match, only seventy-nine officers with graduate training are serving in billets which have been identified as requiring graduate education in financial management.⁴

¹ U.S. Department of the Navy., Office of Navy Comptroller, "Financial Management Career Information", Washington, 1971 (mimeographed).

² Ibid.

³ Ibid.

⁴ Ibid.

Accordingly, it appears that there is a low utilization rate of qualified officers. However, due to Navy commitments, it is sometimes necessary to use financial management qualified officers in other assignment areas. At present a complete review is being undertaken by all levels of command throughout the Navy to verify present and identify new financial management billets. It is anticipated that the results of this review will identify approximately four hundred and fifty billets which will require officers with graduate education in financial management.⁵

It therefore appears because of the low utilization rates and an anticipated increase in the number of billets requiring qualified financial managers, that the present programs which produce less than forty qualified officers annually are not adequate to meet the needs of the Navy on a quantitative basis.

Based on the research reported herein, the present U. S. Navy career development and education program is fulfilling the requirements for Navy financial managers in all areas except as listed below:

1. The Navy Graduate Financial Management Program is not providing the quantity of officers required to fill all billets which have been identified as requiring an officer with graduate education in financial management. This is due to other Navy requirements for graduates of the Program.

2. The Navy Graduate Financial Management Program is not building on some participant's previous business administration

⁵ Interview with Commander George Brown, Bureau of Naval Personnel, Washington, D.C.: December 15, 1971.

education. This is due to the selection process for participation in the program being based solely on past professional performance.

3. The Navy Graduate Financial Management Program is not providing training in specific Navy financial management procedures. The requirement for such training is necessitated by the dichotomy of career development into training and education.

4. The Navy Graduate Financial Management Program is not operating toward achieving specific goals and objectives. The Navy has not established such goals and objectives against which to measure the results of the Program.

The conclusion of this study in no way endorses an establishment of a corps of officers so specially trained as to create a group of "figure technicians".⁶ However, specific Navy financial management procedures must be taught to Navy financial managers by a method other than on the job training.

The conclusions of this study parallel the findings of research recently conducted by the Financial Executives Institute concerning financial management development which concluded:

This study confirmed that future top executives must be generalists, who at the same time possess a solid foundation in the underlying disciplines of management--economics, mathematics, and the behavioral sciences--plus as much of the arts and sciences as they can take. However, it is also recognized that there must be specialists trained in accounting, taxes, costs and budgets, computers, information systems and other fields who can be "successful" in their respective fields of specialization. Our observations

⁶Lynn, et al., "Education for Comptrollers," p. 16.

would make it appear that these same specialists who have the ability and opportunity to become generalists and who have requisite accounting and finance knowledge, along with significant personal qualities, can and do move into the more successful financial manager category.⁷

In conclusion, the present Navy Graduate Financial Management Program at The George Washington University is providing the basic building blocks for Navy financial managers. Emphasis and attention must continue to be focused by Navy and University officials on the specific courses and type of education required to meet the changing requirements of financial managers. The results of the research presented in this report bring to the forefront the complexities of issues and relationships of developing Navy financial managers. The managerial and economic changes in defense planning, programming, and budgeting and the problems of formulating an education program to develop financial managers who are qualified to meet these changes will continue to be a challenge for both educators and Navy managers in the future.

⁷Schiller, et al., Development of Financial Managers, p. 133.

APPENDIX A

PRIMARY RESEARCH QUESTIONNAIRE WITH COVER LETTER AND
ENCLOSED CURRENT NAVY GRADUATE FINANCIAL MANAGEMENT CURRICULUM.



THE GEORGE WASHINGTON UNIVERSITY/WASHINGTON, D. C. 20006
SCHOOL OF GOVERNMENT AND
BUSINESS ADMINISTRATION
NAVY GRADUATE FINANCIAL MANAGEMENT PROGRAM

15 January 1972

To: Graduates of Navy Graduate Financial Management Program

As you know, in order to satisfy the requirements for a Master of Business Administration at The George Washington University, students in the Navy Graduate Financial Management Program must accomplish a thesis research project. I have chosen as my topic "Navy Officer Education for Financial Management". What I am attempting to evaluate is the extent to which the present educational program fulfills the requirements for financial managers.

Since you are a recent graduate of the NGFM program I would appreciate your filling out and returning the attached questionnaire. Your carefully considered opinions will be helpful in appraising the present program with respect to providing the knowledge and skills needed for financial management assignments. Also your comments may prove useful for formulating any restructure of the present program.

You may sign the questionnaire or not, depending upon your preferences. The information obtained by these questionnaires will be utilized for academic purposes and will not necessarily reflect an official Navy position.

A self-addressed envelope is enclosed for your use. I would appreciate a reply as soon as possible.

Thank you for your assistance.

D. E. Hickman
LCDR, SC, USN

Enclosure:

- 1) Questionnaire
- 2) Program Summary
- 3) Return Envelope

1. Please list the billets by short job title and description if necessary, of those positions you have held since graduation from the Navy Graduate Financial Management Program at The George Washington University. Please check FM if financial management P coded billets only; FMA if financial management related billet - not FM P coded; or NFM if not financial management area.

FM	TO	Present Assignment	FM	FMA	NFM
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—	—	—————	—	—	—
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Immediate Past Assignment

—	—	—————	—	—	—
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Past Assignment

—	—	—————	—	—	—
---	---	-------	---	---	---

Past Assignment

—	—	—————	—	—	—
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2. Of what value was the Navy Graduate Financial Management Program in contributing to your ability to understand and handle assignments in the financial management area?

Significant Value —

Considerable Value —

Some Value —

Little Value —

No Value —

Please indicate briefly why you answered question #2 as you did.

3. Please indicate any specific skills which you feel are required to handle assignments in the financial management area.

4. Of the skills identified in your answer to question #3, which do you feel were adequately treated in the NGFM program?

Which do you feel were not adequately treated in the NGFM program?

5. Of what value was the Navy Graduate Financial Management Program in contributing to your ability to handle assignments outside the financial management area?

Significant Value	_____
Considerable Value	_____
Some Value	_____
Little Value	_____
No Value	_____

Please indicate briefly why you answered question #5 as you did.

6. Please indicate the extent to which your assignments since you graduated have, in your judgment, provided you with the opportunity to utilize the education which you received.

Excellent Opportunity	_____
Very Good	_____
Good	_____
Fair	_____
Poor	_____

7. The work load required of the students was:

Too Heavy	_____
Heavy	_____
About Right	_____
Light	_____
Too Light	_____

8. The mental challenge which the program presented was :

Significant Challenge	_____
Considerable Challenge	_____
Some Challenge	_____
Little Challenge	_____
No Challenge	_____

9. Please give your general impressions of the teaching effectiveness of the faculty. (Reference to individual faculty members by name are not desired.)

Superior	_____
Above Average	_____
Average	_____
Below Average	_____
Poor	_____

Please state briefly why you answered question #9 as you did.

10. The presentations of regular faculty members have been supplemented by outside lecturers. What is your general impression of the value of outside lecturers?

Significant Value	_____
Considerable Value	_____
Some Value	_____
Little Value	_____
No Value	_____

11. Please identify briefly any teaching techniques or approaches which you consider outstanding and which could be utilized to a greater extent.

12. Do you feel that the Navy student would benefit if the class were integrated into the rest of the student body with the student choosing some elective courses rather than the present isolated, pre-packaged course structure.

Yes	_____
No	_____
Comment:	_____

13. Due to pressure by faculty members, the administration recently decided to eliminate the requirement for a thesis as part of the MBA program. As you recall, what contribution do you feel the writing of a thesis had to your overall education?

Developed research techniques and skills _____
Improved writing skills _____
Gained valuable and useful knowledge on thesis topic _____
No contribution _____
Other _____

14. Do you feel the requirement for a thesis should have been eliminated?

Yes _____
No _____

If answered "No" do you feel thesis subject area should be limited in scope to an area related to Navy Financial Management?

Yes _____
No _____
Comment: _____

15. Do you feel that a separate course structured to teach specific Navy finance procedures (i.e. shipboard accounting, shore station accounting, budget preparation, NIF accounting, Stock Fund accounting, etc) would be beneficial in the development of financial managers?

Yes _____
No _____
Comment: _____

16. If answered "Yes" to question #15, should such a course carry academic credit? yes no; should it be part of the current NGFM program? yes no; if no, when should it be given?
17. The curriculum of the Navy Graduate Financial Management Program has undergone gradual changes since its inception although the basic purpose and format have remained the same. The present courses are described in the attached summary. Will you please identify any changes in these present courses (including additions and deletions) which you think would improve the program. Please give your reasons for each suggestion.
18. As you recall which courses have been most helpful and least helpful in your assignments since graduation.

Most Helpful

Least Helpful

19. Please make any general comments you may wish concerning the program.

Outline of Navy Graduate Financial Management Program
for Academic Year 1971-2

1st Summer Session

Acct 115 Survey of Accounting (3)

Preparation, uses, and limitations of financial information in the management process.

Stat 119 Bases of Statistical Decision Making (3)

For students in the Navy Graduate Financial Management Program only. Introduction to techniques of decision making, with emphasis on applications rather than theory. Includes binomial distribution, normal distribution, Type I and II errors, estimation, research methodology, and problems of inference.

Econ 195 Governmental and Industrial Economics (3)

Survey of Macro and Micro Economics.

2nd Summer Session

Mgmt 201 Advanced Administrative Management (3)

Advanced course in administration emphasizing principles and practices common to administrative units of all kinds.

Acct 215 Survey of Managerial Accounting (3)

Nature, preparation, analysis, and interpretation of accounting reports; cost accounting, business budgeting, and internal accounting controls and their use in the management process.

FALL SEMESTER

- Bad 235 Financial Management (3)
Problems of financial management encountered in the organization and operation of a corporation; planning financial structure, obtaining and managing capital, issuing and placing securities, administering income, security arrangements. Primarily taught by the case method.
- Bad 293 Business Research
Note: The course is really a credit allowance for thesis.
- Mgmt 204 Quantitative Factors in Administration (3)
Survey of quantitative techniques used in the solution of management problems. Potentials and limitations of mathematical models and proper areas for their application. Topics include probability, statistical decision theory, linear programming, waiting line, inventory replacement models.
- Mgmt 207 Human Behavior in Organizations (3)
Individual, group, intergroup, and other human behavior and development; application of social science research to administration. Practical applications emphasized.
- Mgmt 218 Survey of Data Processing (3)
Fundamentals of automatic data processing; manual, punched card, and electronic data processing principles and procedures; basic machine language and advanced language programming techniques; phases of data systems development; role of the manager in management information systems. Emphasis on proper use of data processing as another tool of management.
- Pad 251 Government Budgeting (3)
Survey of the basic concepts, principles, and practices in governmental budgeting; interrelationship of planning, programming, and budgeting; their role in the management process.

SPRING SEMESTER

- Bad 279 Purchasing and Materials Management (3)
Industrial purchasing and materials management principles and practices. Organization and function in materials management. Determination of requirements, source selection, buying practices, policies, and ethics.
- Acct 245 Decision Systems and Accounting (3)
Problems encountered in managing financial and related information systems in complex organizations; the relationships between accounting in its broadest sense and management control and decision systems.
- Mgmt 221 Management Information Systems Development and Application (3)
Development of management information systems, integration of data processing in operations of government or business, impact on management organization and decision making. Case studies.
- Bad 293 Business Research (3)
Repeated: Thesis
- Pad 252 Problems in Planning, Programming, and Budgeting (3)
Intensive analysis of developments in federal planning, programming, and budgeting; application of new tools in the decision-making process; evaluation of the systems.

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